FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW

APRIL, 1930

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The Editors.

FOREIGN AFFAIRS

Vol. 8 APRIL, 1930 No. 3

FREEDOM OF THE SEAS

By Viscount Grey of Fallodon

THE Freedom of the Seas, like the Monroe Doctrine, is understood to be a phrase representing an aspect of the policy of the United States. Every nation has the right to define its own policy, and a British Secretary of State once provoked indignation by sending a dispatch to Washington in which it was argued that the Monroe Doctrine was not what the President of the United States described it to be. It is for the United States alone to define the Monroe Doctrine as being part of her own policy. But as other nations also have the right to define their own policies, it is for them to say how far the declared policy of another nation is compatible or conflicts with their own policies.

As far as the Monroe Doctrine is concerned, no friction except on the one occasion referred to above has arisen or is likely to arise between America and Britain. I am not aware that the United States has ever given any definition or declaration of the Monroe Doctrine which conflicts with British policy or aims. It is therefore unnecessary that there should be any discussion of the subject or exchange of views upon it. The United States has declared her policy to the world at large, and there is no likelihood of British policy running counter to it.

It is different with the Freedom of the Seas. The policy thus named applies not to one geographical area, as the Monroe Doctrine does, but to the whole world. Differences of opinion about right of capture at sea still exist. Even in peace time the sense of this difference causes a feeling of uneasiness between Britain and the United States; in the event of future war this might be not only serious but dangerous. It is therefore very desirable that the two nations should discuss the subject freely, when this can be done calmly and at leisure.

It is necessary, however, that we should know what is meant by Freedom of the Seas. The phrase has become so familiar that

it is used as if the meaning was as familiar as the sound of the words; whereas in point of fact I doubt whether we are quite sure what it really does mean. Let us try to arrive at this by eliminating certain things which it presumably does not mean.

The full, literal, unqualified sense of the words would abolish national right to control territorial waters. This presumably is not meant. Whatever is contended about Freedom of the Seas, it will be agreed that there are to be such things as territorial waters and that freedom to use such waters will remain qualified and conditioned by national rights within these limits.

The "seas," therefore, for the purpose of this discussion, are to be regarded as the high seas outside territorial waters. For this purpose it may be desirable to have a clear understanding as to what are territorial waters. Even so, Freedom of the Seas must be still further qualified so as not to give immunity to battleships and other armed vessels of a belligerent nation. Each belligerent must retain the right to sink, capture or pursue the armed vessels of an opponent on the high seas.

If this be agreed, as I assume it is, then Freedom of the Seas applies only to merchant vessels. Here we come on to debatable ground, and it becomes necessary to ask questions as to what is meant. In the first place, is it the American view that the merchant vessels of a belligerent should be absolutely free from interference or capture on the high seas by the armed vessels of another belligerent? I have no right to assume the answer that the United States will give to this question, but let it be supposed for the purpose of further discussion that the answer will be in the negative — that is to say, that Freedom of the Seas will not be construed so as to deprive a belligerent of all right to interfere with merchant vessels flying an enemy flag.

The next question will be whether a belligerent nation is to have no right to interfere with the merchant vessel of any neutral nation, no matter what the nature of the cargo or the destination of the vessel may be. In other words, is the whole doctrine of contraband of war to be swept away? This would be a great change, and here again, though I have no right to assume what is now meant by Freedom of the Seas, I will suppose that some right of capture or search on the high seas will still be left to a belligerent. The discussion will then be not whether there should be any belligerent rights as regards neutral merchant ships on the high seas at all, but what is to be the extent and the limits of such

rights. This has hitherto been the ground of controversy on several occasions between Britain and the United States, and for the purpose of this paper I will assume that it will be the basis of discussion now.

It seems to be commonly supposed that there has been an American view of belligerent rights on the high seas and a British view, and that each view has been consistently opposed to the other. This is not accurate: it is indeed a misleading statement. American views and practice on this subject have not been consistent: nor have British views and practice. Let the British record be considered first.

British practice and arguments have varied. When Britain has been neutral, its public opinion has resented interference by belligerents with neutral ships and cargoes. I write from memory only, but I am confident that this can be proved by reference to the correspondence that passed between the British and French Governments when France was at war with China in the latter part of the last century. The French then declared rice to be contraband and argued for an extended view of belligerent rights. Britain disputed the French contention and argued for the limitation of belligerent rights. On the other hand, when Britain has been a belligerent, public opinion has insisted upon the utmost use of the navy to prevent supplies from reaching an enemy. The correspondence between the British and United States Governments in the first two years of the Great War is sufficient proof of this.

The United States record is similar. When neutral, she has contended for the rights of neutrals as against belligerent rights of interference with commerce; but when in the Great War she became a belligerent, she stood for the most extended rights of belligerents to control or supervise neutral commerce.

It is difficult to find in the practice of either nation anything that has not its parallel in the practice of the other. Each has had not one view, but varying views. Difficulties have arisen between Britain and the United States not because each has differed in principle from the other, but because they have not always held the same view at the same time. The record of practice shows that, had they always been neutrals together or belligerents together, they would never have differed about belligerent rights.

It is as if each had used a telescope. Each when neutral looked

at belligerent rights through the end of the telescope that makes all objects seem very small. Each when belligerent has looked at these rights through the end of the telescope that makes objects seem very large.

Thus in the first part of the Great War Britain surveyed belligerent rights through the magnifying end of the telescope, the United States through the small end: the difference between their two points of view was naturally enormous. But when the United States entered the war she reversed her telescope, and all difference of view or practice disappeared. Indeed, it was as if the magnifying powers of the American telescope and of that of Britain were combined: for belligerent rights to interfere with neutral commerce were carried by the two nations together to an extreme that had never before been practiced, claimed or contemplated. America and the Allies ceased to bother about technical questions such as continuous voyage or the ultimate destination of particular cargoes. They discarded all argument and by *force majeure* put neutral neighbors of Germany on rations as regards everything that might help Germany to carry on the war.

Now the war is over and America and Britain are occupying different points of view as to what belligerent rights should be in future. American opinion recalls the intolerable nuisance of interference with American commerce by belligerents in a war in which America at first seemed to have no concern. American opinion seems to assume that in the next war the United States will be neutral and has therefore reverted to the neutral point of view: and this finds expression in the doctrine of the Freedom of the Seas.

British opinion, on the other hand, feels that its country has passed through a terrible crisis in which its liberty and its very status as an independent nation were at stake, and in which the issue was for a long time in doubt. Many people in Britain believe that had it not been for the sustained pressure of the British naval blockade of Germany the issue might have gone against the Allies and all that was at stake might have been lost: and that but for the pressure of the blockade even American help might not have been in time or have availed to save the Allies.

It is this very right of blockade that would be taken away by the Freedom of the Seas. Under modern conditions blockade could not be effective, it would indeed be a mere farce, if the limiting view of belligerent rights at sea which is now being put

forward were adopted. The result would be that so long as an enemy fleet did not put to sea, the British Navy would be reduced to inactivity. Britain would in fact become a Power that could not hurt an aggressor; for the British Army, like that of the United States, is not maintained on a scale that can be regarded as a striking force. To this consideration must be added another disadvantage. London, the British capital and most vital spot, is more accessible to an air attack from a possible Continental enemy than are corresponding vital spots on the Continent to air attack from Britain. The conclusion is that with a navy reduced to a mere watching rôle in war, we should, if attacked by a Continental Power, be *ab initio* at a disadvantage. We should have more to fear than anyone else would have reason to fear from us.

The doctrine of the Freedom of the Seas has an altruistic or humanitarian as well as a commercial side. This higher aspect of it is illustrated by President Hoover's suggestion that in time of war food ships at any rate should be free. It may well be, therefore, that there are some people in America who feel impatient at British hesitation or reluctance to discuss the Freedom of the Seas — an impatience that may feel conscious of a moral as well as a material justification.

If such impatience there be, I would ask those who feel it to imagine for a moment the mind of those who live in Britain. It may not be easy for an American to enter into this mind. For never since the independence of the United States was established in the eighteenth century have her people been in such peril from a foreign enemy as we were in the Great War; and never, as far as human foresight can see — having regard to the geographical position of the United States, to her vast self-contained resources, and to the numbers and power of the people — can she be made by any foreign foe to face an ordeal so terrible or an anxiety so intense as that from which we have but recently emerged. The margin by which we did emerge safely was narrow enough: the weapon of blockade was a great — perhaps a really essential — factor in winning our safety. Is it any wonder, when we are asked to discuss something which involves a pledge never to use this weapon again, that we should approach the discussion with misgiving and much caution? Some people in Britain probably feel the considerations here set forth to be conclusive against entering into the discussion at all. I do not agree with such a conclusion and will state the reasons for my opinion.

In the latter half of the Great War our most serious anxiety was lest German submarines preying upon merchant vessels should starve us into defeat. We could still prevent our enemies from getting oversea supplies, but under modern conditions it was more difficult than ever before to keep the sea open for our own supplies. Long range guns that could command the Channel, mines in the sea, aircraft, submarines, the recent inventions of science, have impaired our island security, for we must ever be dependent on imported food supplies. There are people who hold that the counter-inventions of science will master those that are unfavorable to us. Who can be sure of this? Would it not be well to accept President Hoover's suggestion that food ships in time of war should be free? We might by accepting it be impairing or retarding our chance of victory in a future war, but we should be greatly increasing our own security.

There are, however, one or two questions to be asked. The matter is not altogether simple.

The League of Nations and the Pact for the Renunciation of War have made it difficult for war to come in future between great nations without one of them having broken its obligations under one or both of these peace treaties. A nation which has set these obligations at naught will have no scruple about breaking other promises. If we are at war with such a nation, and it sinks or captures food ships destined for our ports, are we still to be bound by our pledge to respect food ships? The pledge will have been one given to all nations and the action of our enemy in breaking it can release us from it only in so far as it may justify us in retaliating upon ships or cargoes that actually belong to the enemy. The Covenant of the League of Nations and the Pact for the Renunciation of War have greatly diminished the prospect of future war. But these two treaties have also made us feel that if a nation does break these great and solemn obligations, no rules of war will be kept. We hope by these two treaties to be saved from war, but if in spite of them war does come, we must be prepared for a breach of every rule that has previously been accepted.

A further point remains. There is the need to secure that if food is to be free from capture in time of war the ships that carry food will carry nothing else. This difficulty might be overcome by strict supervision of the loading in neutral ports, but the supervision would have to be very strict and the food supplies confined to ships specially chartered for the purpose and loaded under this supervision.

Let us pass to consideration of supplies other than food, which though not actual munitions, are yet essential to carry on war: copper and rubber may be taken as examples. If we have observed every treaty obligation for the security of peace, and another nation has broken these and attacked us, are we to let all these supplies go through? Is the British fleet to remain inactive, to look on in acquiescence, while ships pass by conveying these supplies in unlimited quantity to a neutral port neighboring to the enemy, whence they can pour in an uninterrupted stream into the enemy country?

I have assumed that actual munitions, shells, rifles, guns will be regarded as contraband of war and legitimate capture. But is everything else, and not only food alone, to be guaranteed free passage?

Let it be supposed that a guarantee of free food supplies in time of war would have a balance of advantage in Britain's favor, and that in return for this it would be worth our while to concede some points about Freedom of the Seas that would have a balance of disadvantage to us. The question still remains: What is to be the position if an enemy breaks a rule that is to our advantage, and how can we be sure that this will not happen?

It will be observed that I have written thus far on two assumptions. One is that if we are at war it will be because some other nation has broken one or both of the great treaties to secure world peace. I have ignored the possibility of a British Government being thus to blame, because if it were thus in fault I should urge no plea that its interests should be considered. Nor has the contingency of a war in which neither belligerents could be charged with a breach of treaty been contemplated. Such an event is not inconceivable, at any rate technically, but to multiply in advance conceivable contingencies is an intolerable complication. Discussion should begin by contemplating one broad, clear and simple issue. This is the way to promote discussion of such a question as Freedom of the Seas; to overload the discussion at the outset by multiplying hypotheses is to choke it.

The other assumption on which this has been written is that the United States will not enter into any treaty or agreement about Freedom of the Seas that involves any obligation to take action or apply sanctions if the rules are broken. I have assumed that any such proposal must be excluded from the discussion. This assumption we are not only entitled but bound to make

after the statements made by President Hoover, and by others made in connection with the Pact for the Renunciation of War. The first reason, then, why Britain should be willing to enter into discussion is as follows: It is a mistake to suppose that Britain has everything to lose and nothing to gain by Freedom of the Seas. We are more dependent upon overseas supplies, particularly of food, than any Continental country. As long as we could deny Freedom of the Seas to enemy supplies and maintain it for ourselves in time of war the position was naturally very satisfactory to us; but the inventions of science have already put the matter in doubt, and should they progress to a point at which even a superior navy cannot keep the sea open in time of war for its national supplies, then Britain has at least as much as any other nation to gain by an assured Freedom of the Seas.

Some will not be convinced by the above consideration and will ask: "Why should we not leave the question alone? Why should we not keep our hands free, and in the event of future war do as we did in the last war?" The answer is this:

In the last war, before the United States entered it, we pressed the right of blockade as far as we could without a breach with America. We knew this matter to be delicate; it was even more dangerous than we knew. Such books as the life of Walter Hines Page and the papers of Colonel House show that in the first part of the war we came nearer to a breach with the United States than even the most cautious of us realized at the time. It may seem illogical that we should have been brought near to a breach with the United States by doing less than the United States was ready to participate in herself directly she entered the war, but logic and consistency have not hitherto governed the views that nations have held about belligerent rights at sea. Or the same thing may be put positively by saying that every nation has been consistent in taking the view that suited its own interest at the time. The risk of a breach with America was not the only unpleasantness for the British Government in the first years of the war. We were exposed to reproach and obloquy from our own people: the demand was insistent that we should press belligerent rights at sea to the point of defying the United States, that is to a point that would have been fatal to the cause of our Allies and to our own.

As it was in the last war so would it be in another war. Britain in 1914 to 1917 did indeed come through without disaster, but as

we look back with all the knowledge that we have since gained of the feeling at Washington it is surprising that we did come through; and it is to be hoped that no British Government ever will again have to engage in negotiations so critical and delicate with so powerful a neutral and at the same time be exposed to the pressure and reproaches of a public opinion at home for refusing to do what must certainly bring that neutral into the war against us. But should there be a future war in which Britain is again a belligerent and the United States is neutral the same dangerous situation will assuredly recur if we have meanwhile refused even to discuss the Freedom of the Seas.

Thus far the subject has been considered from the point of view of British national interest; and it is natural and reasonable that this should be our first consideration. We have but recently escaped great national peril, and experience has shown us that under modern conditions our island security is not, and probably can never again be, what it has been in histroy. But it is not on this basis, however, that coöperation and friendship with the United States can be sought. Friendship based on vital national interests takes the form of alliance or political entente. These can be based only on a conviction that the security of each nation depends on friendship with the other. There can be no such reciprocal conviction between the United States and any other nation. The intrinsic strength and geographical position of the United States make it independent of the support of any other nation. This it is, I imagine, which makes the historic American warning against foreign alliances or entanglements as potent in America today as it was when it was first enunciated. And so no doubt it will remain; for every nation would gladly avoid foreign entanglements as long as it felt that it could safely do so. Nor can friendship with the United States be based on the fact of common language or racial kinship. The latter as between the United States and Britain is only partial. These two factors, language and race, may and do make intercourse between individuals easy and pleasant, but neither one nor the other nor both together qualify or affect the fact that the national feeling of the United States is purely American and distinct from the national feeling of Britain, which is British; and that in any clash of policies or aims between the two countries their respective national feelings will draw apart as separate entities. In fact, in so far as American national sentiment can be said to have manifested any

predilection at all, it has, owing to historical associations, been for France.

Friendship between the United States and any other nation cannot therefore be based on mutual national interest. It can come only by coöperation in something that is not exclusive: that is, in something that transcends any individual national interest, something in which the national interest of every nation may have a share and in which every nation may join.

Such an opportunity occurred when President Wilson proposed and pursued the policy of founding the League of Nations; then came the decision of the United States not to become a member of the League and the opportunity seemed to disappear. But the forces that make for world peace were still active. The League of Nations began to function and the United States showed that, though her decision not to join the League was unaltered, the motive and the ideal that had prompted its formation were still active in America. The attitude of the United States to the League was not unfriendly; on the contrary, it was one of good will, as was shown by the sending of friendly American observers to conferences and committees initiated or organized by the League. There followed an American initiative in movements for the reduction of armaments and finally in proposing the Pact for the Renunciation of War.

Thus the opportunity for coöperation with the United States for world peace has grown, has been fruitful, and continues. To refuse discussion of the Freedom of the Seas, if the United States proposes it, would be a distinct check to this coöperation. For the question has in the past been a cause of serious international controversy and is therefore very relevant to the security of future peace, which is concerned with the removal of potential causes of conflict as well as with the settlement of disputes after they have arisen.

Such is my final plea for agreeing to discuss the Freedom of the Seas. This does not imply that whatever the United States proposes must at once be accepted. Nor, I am sure, would the United States expect this. If she did so it would be quite contrary to the spirit in which all her peace initiatives have been taken. Difficulties will be met with — some of them have been indicated here — and these should not be left to arise as unforeseen obstacles in a formal conference. There should be, as in the case of the Five Power Naval Conference, preliminary, frank and informal dis-

cussion between the Governments. Especially should they consider what bearing the existence of the Pact for the Renunciation of War and the Convenant of the League of Nations has upon the question of the Freedom of the Seas. If either of these instruments is broken, the situation will not be the same as in previous wars. The Freedom of the Seas must be considered in the light not only of previous controversies, but also of these new future contingencies.

THE FINAL REPARATIONS SETTLEMENT

By Thomas W. Lamont

THERE could have been no peace in Europe until the problem of reparations had been settled. That is the reason why the Conference of Experts which sat at Paris last year from February 11 until June 7 was of such surpassing importance. That is the reason why its conclusions were received with relief and approval by the world generally.

For ten years the question of reparations had been a thorn in the flesh of all Western Europe. The trouble began at the Peace Conference itself. During all those months in Paris, ten years ago, the American delegates had urged the importance of fixing Germany's obligations and reaching a final settlement. But the view of the British and French Prime Ministers, Mr. Lloyd George and Mr. Clemenceau, was that war-time passions were still running so high that their respective peoples would reject any reparations figures which they and the conference experts realized were within Germany's capacity to pay. Those were the days when certain leading men in England declared that Germany could be made to pay a capital sum equivalent at present values to £24,000 million, say 120 billion dollars; and some of the French put the figure at 200 billion dollars.

Most of the Allied statesmen knew that such figures were fantastic, and many of them professed themselves as eager to accept, as Germany's capital obligation, the estimates of the Allied experts which began at about 12 to 15 billion dollars on the low side and ran as high as 30 billion dollars. But both Mr. Lloyd George and Mr. Clemenceau declared it wholly beyond their power to gain from their Governments approval of such moderate sums, even the highest just mentioned. At this critical stage of the Peace Conference the American technical delegates, realizing what was quite manifest — namely that failure to settle reparations would leave an open sore in Europe which might well lead to economic and even political disaster — begged President Wilson to take a firm stand and to declare that he would sign no treaty which failed to fix Germany's financial obligation. He had taken an invincible stand on far less vital questions — that of Fiume for instance — so, why not on reparations? But Mr. Wil-

son argued that as France, Great Britain and the other Allied Powers were chiefly concerned with this particular matter, it was not America's job to try to cram down their throats a settlement which they declared was politically impossible for them. He was naturally much moved by the statements which (he told us at the time) both Mr. Lloyd George and Mr. Clemenceau made to him — that to attempt to settle the extent of Germany's liability at so reasonable a figure as any of those proposed by the technical experts would cause their Governments to fall and their own consequent withdrawal from the Conference. Mr. Wilson felt that even if these Allied associates of his had magnified the danger of their situation, nevertheless it was not for him to assume the risk of standing out for settlement.

POSTPONEMENT BY THE PEACE CONFERENCE

Hence the reparation clauses of the Versailles Treaty,[1] while holding Germany responsible for all damage (including pensions) caused to the civilian populations of the Allied countries, admitted that complete reparation was beyond Germany's capacity to meet and proceeded to set up a Reparation Commission which was charged with the duty of fixing Germany's total liability within two years; thus postponing the matter to a time when peoples' passions would presumably have cooled and reason would have begun to prevail.

In such form, then, the Treaty was presented to Germany. She immediately seized upon these reparations clauses; pointed out very reasonably that by failing to fix Germany's liability they afforded her no chance to address herself intelligently to the heavy burden before her; and that therefore they made merely for continued unsettlement and a consequent diminution of her economic capacity to pay. The Germans proposed therefore to make final settlement by accepting a figure approximately equivalent to 25 billion dollars, present value, subject to certain diminutions on account of ceded property, public buildings, etc., which might leave the final net sum anywhere from 15 to 18 billion dollars. This was at a time (early June, 1919) when, it may be remembered, the reichsmark was worth about a quarter of its prewar value, and there was evidence that Germany could with an effort discharge the obligation which her delegates themselves proposed.

Here again the American experts prepared memoranda, urging

[1] See part VIII of the Treaty, Articles 231–247.

President Wilson and the Allied premiers to weigh carefully these German counter-proposals, as constituting figures that with some increases were reasonable and far more advantageous to the Allies than anything that might be obtained later. This view of the case, however, received scant attention. The political world of Europe had to learn its lesson through the bitter experience of the coming years. So the German proposals were rejected. They naturally could never be revived, because from that time forward began the inflation of the mark and the consequent steady disintegration of the German economy to the point of collapse.

ATTEMPTS AT SETTLEMENT

Most readers of FOREIGN AFFAIRS recall the subsequent successive attempts made to settle the question of reparations. At the Allied Conference at Spa in 1920, a scheme as to division of receipts among the Allies was agreed to: in round figures, 52 percent for France, 22 percent for Great Britain, and so on. This division, being known as "The Spa Percentages," was modified by the Finance Ministers' Agreement of January 1925 and again slightly in the "Young Plan," now known officially as the "New Plan." In April 1921 the Reparation Commission announced Germany's obligation as fixed at 132 billion marks (about 32 billion dollars), to be represented by three classes of bonds, only two of which, "A" and "B," aggregating about 12½ billion dollars, were ever regarded as being collectible.

In June 1922 a Conference of Bankers was called at Paris to deal with the matter of reparations. But many of the European delegates, in considering any recommendations which they might be prepared to make, were greatly hampered by the political necessities of their governments; and so, aside from a sound and excellent summing up of the situation which they embodied in a report, the Conference made no progress.

It was in 1922 that the British Foreign Office issued the famous so-called Balfour Note, declaring that the British Government would not seek reparation payments from Germany, nor payment from Britain's allies on account of their war debts, in excess of the net amounts which the British Government would be obliged to remit to Washington. Thus, by the Balfour Note, the subject of German reparation payments to the Allied Governments and of the European governmental debts to the American Government were, perhaps for the first time, officially brought

fairly and squarely together. For the British and European governments these two questions had always been considered to be part of one general question. They have never attempted to evade the fact of their indebtedness to the United States Government, but they have at all times made it abundantly clear that, in their own calculations and handling of the situation, they were bound to consider the two subjects as inextricably woven together. Nor, when the Balfour Note was issued, did the United States Government make any statement controverting this Allied method of conjoining the two subjects; although on several occasions before and since then the authorities at Washington have declared that the two subjects, German raparations and inter-Allied debts, had positively no relation to each other.

Meanwhile matters went from bad to worse. Whereas Germany was making considerable payments on reparations account, both in cash and in deliveries in kind, the economic situation in Germany was constantly weakening and the Germans were protesting that they were quite unable to pay the sums demanded of them. On both sides there were accusations of bad faith, France and Belgium in particular asserting that Germany was deliberately attempting to evade her obligations. The repercussions from the unending controversy began to make themselves felt in an industrial and commercial sense, not in Europe alone but in remote corners of the earth.

THE OCCUPATION OF THE RUHR

Finally in January 1923, after the Reparation Commission had formally declared Germany in default, French and Belgian troops occupied the Ruhr and Premier Poincaré declared that there would be no withdrawal until satisfaction in reparations payments had been rendered. Western Europe was thereupon thrown into turmoil. The longer the Ruhr occupation lasted the worse conditions in Germany became, in the endeavor to maintain the passive resistance of the Ruhr population. The Government gave itself over to a policy of unlimited inflation; within a few months the value of the reichsmark had disappeared; and the German people were in dire distress, with no relief in sight.

Two things, however, were made clear by the occupation of the Ruhr: first, the Allied Governments realized that foreign troops could not, by invading Germany, fetch away the necessary reparations payments; second, Germany learned that no settlement,

however burdensome, could be so bad as the unending punishment of domestic inflation and repudiation. Thus on both sides public opinion was prepared to welcome the appointment of the First Committee (Dawes Committee) of Experts. It convened at Paris early in 1924.

The work of the Dawes Committee covered several months, but according to those members of it who were also members of the Young Committee its work was not so arduous, complex or difficult as that of the Young Committee. In the first place, the situation in 1924 was so critical that by common agreement something had to be done. In the second place, Germany was not present at the Dawes Conference, so that the conferees, being all creditor experts so to speak, were united to a common end. The Dawes Plan was happily able to transfer the question of reparation "from the point of the sword to the point of the pen." It manifestly constituted the work of a rescue party, building a temporary bridge over existing difficulties. But as the Dawes report itself stated, it was designed only to facilitate "a final and comprehensive agreement." In other words, the Dawes Plan still left the question of Germany's total liabilities indefinite. What it succeeded in doing, however, was of enormous importance and value. It reconstituted the Reichsbank with ample capital and firmly reëstablished the German currency upon a gold exchange basis, thus enabling the Reich to obtain abroad sufficient loans to meet its own Treasury situation until such time as the budget could be actually brought into balance from Germany's own resources. Further, it provided that certain important State revenues of the Reich be set aside to help constitute a fund for German reparations; it laid mortgages amounting to four billions of dollars upon railway and industrial corporations of Germany; it set up various other controls. And at the head of the whole machinery for collection and remittance of reparation funds was appointed an Agent General of Reparations in the person of an American, Seymour Parker Gilbert. The Plan set up as a safeguard a Transfer Committee which was to have power to suspend transfer of German funds across the frontier in the event that, in the view of the committee, the exchanges were in danger. (As a matter of fact the Transfer Committee has never had occasion to invoke its powers to suspend transfers.) Taken all in all, the Dawes Plan set up receivership machinery for Germany and since the Plan went into effect on September 1, 1924, the Reich has in effect been in the hands of a receiver. That receiver-

ship is to be ended by termination of the Dawes Plan and inception of the new Young Plan, if and when it goes into effect. The date for the change provided in the Young Plan itself was September 1, 1929.

ANNUITIES UNDER THE DAWES PLAN

As to the annuities provided by the Dawes Plan, these began at a comparatively low figure ($235,000,000 per annum) and in the fifth year worked up to what has been known as the Standard Dawes Annuity, namely, two and one-half milliards of gold marks (say $587,500,000). The Plan provided that this payment was to be supplemented in future years by an Index of Prosperity, under the provisions of which, as the Reich prospered in certain directions, her reparations payments were also to increase. It has been generally figured that such increase would amount to about 3 percent per annum based upon the Standard Annuity. In other words, if the Dawes Plan had continued in effect, the Standard Annuity for 1930 might well have become 2,575 million marks.

There is no denial anywhere that the Dawes Plan has worked with remarkable success. This success has been due to several factors. One has plainly been the honest determination of the German people themselves to work out the terms of the Plan. Another potent factor has been the extraordinary rehabilitation of Germany's external credit; Germany's foreign long-term borrowings have been estimated by Dr. Schacht as amounting, in the five years of the Dawes Plan operation, to upwards of three billion dollars, in addition to large short-term current credits. A third cause of the success has been the extraordinary ability shown by the Agent General for Reparations Payments to carry out smoothly and without interruption the complex machinery of his office. And the skill which he has employed in transferring the large sums called for under the Plan without disturbance to German economy has been an achievement of high order.

To the world generally, however, it has long been understood that inasmuch as the Dawes Plan was of a temporary nature, it must sooner or later be superseded by something permanent. As early as his annual report of 1927 the Agent General pointed out that there could be no effective settlement of reparations until Germany's final liability had been determined, and he suggested that steps be taken to that end. Said he: "And as time goes on, and

practical experience accumulates, it becomes always clearer that neither the reparation problem, nor the other problems depending upon it, will be finally solved until Germany has been given a definite task to perform on her own responsibility, without foreign supervision and without transfer protection." It is a matter of public knowledge that in private conversations which he had in the course of the next year with the heads of government in most of the European countries concerned, Mr. Gilbert urged that a second committee of experts be appointed to take up the question.

THE SECOND EXPERTS' COMMITTEE

These heads of governments, being assembled in Geneva in September 1928, discussed the question further, and finally determined upon a course of action embodied in the following Terms of Reference:

> The Belgian, British, French, German, Italian and Japanese Governments, in pursuance of the decision reached at Geneva on September 16, 1928, whereby it was agreed to set up a committee of independent financial experts, hereby entrust to the Committee the task of drawing up proposals for a complete and final settlement of the obligations resulting from the existing Treaties and Agreements between Germany and the Creditor Powers. The Committee shall address its report to the Governments which took part in the Geneva decision and also to the Reparation Commission.

In the case of the Belgian, French, British, Italian and Japanese experts and their alternates, the Reparation Commission made the appointments upon the nominations of the respective Governments. The German experts were appointed by the German Government. The private American citizens who consented to serve were appointed by the Reparation Commission conjointly with the German Government. Prior to these last named appointments, the American Government was informed of the American nominees and interposed no objection to their acceptance of the appointment.

The first meeting of the Committee of Experts was convened at the Hotel George V at Paris on Monday, February 11, 1929. Its final meeting for the signature of the Report was held at the same place on Friday evening, June 7. The Committee sessions thus occupied almost exactly seventeen weeks.

At the outset the Committee was plainly confronted with several major tasks, the chief of them being these:

1. The final determination of Germany's liability for reparations, this determination including the fixing of the amount of annuities which Germany should pay and the period of years over which they should be paid.

2. The abolition of foreign controls in Germany (taking Germany out of receivership), and the setting up of a new mechanism for the receipt and disbursement of the annuities and for the handling of the questions incidental to reparations.

3. The formation of a plan for the mobilization and ultimate issuance for sale on world markets of a certain portion of the German annuities.

The Committee felt itself obligated in a larger sense to devise a plan calculated to "banish the atmosphere of war, to obliterate its animosities, its partisanships, and its tendencious phrases." The Committee's work was to liquidate the war and to bring about a state of economic peace in Europe.

In order to arrive at the ends just described, in order to fix the German annuities, it was necessary for the Committee to take into account Germany's past performances; her present capacity; her condition — economic, financial, and even political; the sums which she had already paid on account of reparations; the extent of her willingness to pay in the future; the legitimate requirements of the chief creditor powers; methods for future cooperation between the debtor and the creditor countries; and other kindred matters. Specifically, in order to fix the annuities the Committee had to reconcile two indeterminate and shifting viewpoints — Germany's opinion of her capacity to pay, and the feeling of the chief creditor countries regarding the sums which they could accept in satisfaction of their requirements. To bring about this reconciliation implied, in the first instance, expert knowledge and study of a high order, and in the second place, an understanding of diplomatic and political expediency. This slow, long-drawn-out process filled up the four months of steady negotiation, inquiry, demand, refusal, impasses and crises; and then finally brought reconcilement in a spirit of excellent good-will. The final agreement, so far as the American delegates were concerned, was based upon their conviction that the annuities which Germany undertook to pay under it represented no more than her fair, equitable and economically feasible share of the cost of liquidating the war.

The first few weeks of the Conference were occupied largely

with the exposition of Germany's situation by the German delegates, led ably by Dr. Schacht. He and his associates gave us in great detail information as to Germany's demand for capital in the last five years and the extent to which that demand had been fulfilled; Germany's external assets; the extent to which her industrial equipment and stocks of raw materials had been reconstituted; the present state of German industry and agriculture; the wage levels; the balance of foreign payments; the budgetary situation of the Reich; the extent of Germany's natural resources; comparison of the fiscal burdens of the Reich with those of other countries, and so on. The summing up of the German exposition was to the effect that, with the present transfer of one billion marks annually necessary for the service upon her foreign loans, Germany could not safely assume, *without transfer protection*, an obligation to pay over her frontier more than an additional one billion marks for reparations, thus making a total annual transfer burden of two billion marks.

DIVERGENCE IN THE EXPERTS' VIEWS

From this it appeared that although Dr. Schacht was making no tangible proposition, the extent of absolute obligation which he was prepared that Germany should assume was an annuity of one billion marks. Between this amount and the standard annuity of the Dawes Plan, two and one-half billion marks, such a great gulf was fixed that the Committee was impelled to put aside for the moment any immediate attempt to reach actual reconcilement upon figures, and to occupy its time in the endeavor to work out some machinery by which the heavier burden, which all the creditor experts felt that Germany should assume, could be rendered less difficult for the debtor to handle. For some weeks, therefore, the Committee's deliberations centered around the scheme for the Bank for International Settlements, which will be described later on in this paper, and also upon a plan for dividing Germany's obligations into categories which, while embodying larger aggregate annuities, could, in view of the safeguards provided, be safely assumed by Germany. These categories consisted of (a) unconditional payments, namely, amounts that under any and all conditions must be paid; (b) conditional or postponable payments, that is to say, amounts subject to safeguards for Germany's benefit; and (c) deliveries-in-kind, also constituting an easing of cash demand upon the debtor country.

With the rough framework of the International Bank sketched out, and with an accord upon the idea that Germany should be granted certain safeguards as to a very considerable portion of her annuities-payments, the Conference was then ready to go on with its work of determining the size of the annuities. Even so, however, the inherent difficulties in reaching a starting-point seemed only just beginning to make themselves felt. Neither side would propose anything approaching a definite figure, nor anything that could be considered as within the debatable area. All the experts (including the German, I think it is fair to assume) felt that with certain safeguards Germany could commit herself to pay an amount much in excess of one billion marks per annum. On the other hand, everybody knew that the creditor governments would be willing to content themselves with materially less than the two and one-half billion marks per annum of the Dawes Plan. But to get the creditor experts to begin to recede and to get the German experts to begin to reach a little higher ground proved at this stage of the Conference quite impossible.

THE PRINCIPLES OF SETTLEMENT

Consequently, just prior to the Easter holidays, Chairman Young, with the assent of the whole Committee, prepared a memorandum in which he laid down certain principles upon which a set of annuities might well be built up by either the creditor or debtor experts. The principles of Mr. Young's memorandum declared that, first, Germany should cover the net out-payments of the creditor governments, that is to say, the net sums that each and every one of them was obliged, under various international debt agreements, to remit in payment of the outstanding governmental indebtedness to Great Britain on the one hand and/or to the United States on the other. Second, such annuities must manifestly be sufficient to meet for Great Britain the terms of the Balfour Note. The scheme suggested for France was an additional sum for reparations equivalent in present value to say forty billion francs, this according to French calculations being considerably less than one-third of the amount that France had already expended on reparations account alone, irrespective of expenditures on account of pensions. Something additional was also provided on strictly reparations account in the cases of both Italy and Belgium.

Even with these guiding principles before them and recognized

on all sides as constituting the basis for a fair start, neither the creditor nor the debtor experts were prepared to formulate these principles into actual propositions. Thereupon Chairman Young suggested that the only course of procedure left open was for the creditor experts to outline separately, country by country, to Dr. Schacht their minimum requirements for settlement. After the ensuing conferences between Dr. Schacht and the heads of each creditor delegation, it appeared that the creditors' minimum requirements, as indicated by these presentations, aggregated approximately 2,900 million marks per annum, a sum *far in excess* of the standard annuity. When this anomalous situation had become known to the public, critical world opinion began immediately to express itself, and the creditor delegates set to work to reduce the aggregate of their requirements to a point at least within the debatable area. They invoked the assistance of Chairman Young and finally evolved a proposition which, while by no means commanding the unqualified endorsement of the Chairman, at least furnished figures subject to discussion. The annuity thus disclosed amounted to 2,223 million marks, including 25 million marks a year for 37 years in settlement of the so-called Belgian Mark Claim.

UNACCEPTABLE SUGGESTIONS

This proposition the German delegates promptly rejected, and, the ice having been broken, undertook to present a proposition of their own. Their figures constituted roughly an annuity of 1,650 million marks per annum. But it was specified that even of this amount no portion should be put in the category of unconditional payments unless amelioration were afforded to Germany through certain measures which in the view of the creditor delegates had the distinct color of political conditions. In the early days of the Conference, Dr. Schacht had been frank in stating to many of the creditor experts that in his view Germany's capacity to pay would be extremely limited unless it were possible for her to establish direct contact with East Prussia, gain access to the raw materials in her lost colonies, and improve her export trade through lower European tariff barriers. Dr. Schacht had never declared that the Polish Corridor must be abolished forthwith, or that the German colonies must be restored to the Reich, but he had dwelt to such an extent upon the economic importance of certain changes in the *status quo* that when, although in strictly economic and non-political language, they were introduced into the German

proposition of April 16, the creditor experts at once looked upon these conditions as political and the situation of the whole Conference became tense. Chairman Young endeavored to save the situation by pointing out the value that would lie in attempting, at any rate, to agree initially upon annuities for the first ten or fifteen years of the period, believing that if that could be accomplished it would be a comparatively easy matter to arrive at the later annuities whose present value would bulk so much less. This procedure seemed reasonable, because of the fact, for instance, that the difference for the first year between the German annuity proposition of 1,650 million marks and the Allied first year proposition of approximately 1,800 million marks was inconsiderable.

A subcommittee was immediately appointed in the hope of working out this reconcilement upon early years. It held an all-day session on April 18. But the German delegates were unwilling to agree to any change in their proposals, they declined to graduate their proposed annuity of 1,650 million marks by even small annual amounts, and they refused to withdraw what they called the economic, but the creditor experts designated the political conditions.

Thus came a breakdown in the Conference which at the time looked almost complete. It was followed on that same night of April 18 by the sudden death of Lord Revelstoke of the British delegation, and the Conference adjourned for a few days. During that period there were signs in Germany of considerable currency disturbance. Early the next week, Dr. Schacht requested Chairman Young to assist the German delegation in preparing a new set of figures which in themselves might meet the ideas of the Chairman, and which he and his American colleagues could justifiably declare as sound, as being within Germany's capacity, and as meeting reasonably the requirements of the creditor governments. From this request emanated what were destined to become the final figures of the Conference, namely, an annuity which although it began at a figure of 1,675 million marks the first year, remained constant for the entire period of 37 years at 2,050.6 (including service on the Dawes Loan) million marks, and yielded an amount sufficient within that time to cover the out-payments of the creditor governments, plus the excess sums they agreed to accept on strictly reparations account. Germany's payments were to run for 21½ years beyond the 37-year period in order to cover various items,

but chiefly the net out-payments of the creditor governments to the United States Government during that final period.

This set of annuities, as suggested by the Chairman and his American colleagues, was finally accepted, first, by the German delegation and then by the creditor delegations; but in both instances with such difficult conditions attached that several weeks of the Conference were consumed in the endeavor, which finally proved successful, to work out an adjustment. In the very last week of the Conference the Belgian Mark Settlement loomed up again as a formidable obstacle to agreement. But when all the experts undertook to recommend to their respective governments that the new Young Plan should not go into effect until the Belgian mark difficulty had been adjusted, the Belgian delegates accepted this solution and with their associates signed the Report as stated on the evening of June 7.[2] It was thereupon transmitted to the governments concerned as representing under their terms of reference the proposals of the Second Committee of Experts. The Conference, having successfully concluded its labors, adjourned *sine die*.

LEADING FEATURES OF THE REPORT

What, now, is the nature of the new Plan and of the Report, and in what manner does it primarily affect advantageously or otherwise the interests of the creditor governments on the one hand and the German Government on the other? First of all, as heretofore stated, the Plan attempts to scrap completely the Reparation Commission and similar post-war machinery and to transfer Germany's debt from the political to the commercial field. Thus by the very nature of the future handling of "reparations" the annuities will lose even that name and simply become swallowed up in the general flow of international trade and of international exchange.

As for Germany, the Report (Chapter IV, "The Study of Germany's Economic Conditions") states: "As a substitute to the present system of transfer protection with its semi-political control, its derogation from Germany's initiative, and its possible reactions upon credit, we are recommending a scheme of annuities appreciably smaller than the Dawes obligations and subject

[2] In the summer of 1929 an arrangement was signed between the German and Belgian Governments settling the mark question by payments for 37 years by Germany to Belgium: at 5½ percent discount these payments have a present worth of 315,000,000 marks.

to new and elastic conditions, which are described at length in the succeeding chapters of the present Report. As an internal burden to be borne by annual taxation the scheme we proposed is materially less; it is closely assimilated to commercial and financial obligations; it carries with it welcome freedom from interference and supervision and it is provided with adequate safeguards against any period so critical as to endanger Germany's economic life."

The foregoing is, it must be remembered, a statement to which the German delegates subscribed equally with their creditor associates. Now what are the actual financial advantages accruing to Germany? The *Magazin der Wirtschaft*, a leading impartial and most authoritative German economic publication, says: "What enormous progress the new settlement means as compared with conditions immediately following the war, and how near we are to the amount which Germany herself offered at former conferences, is shown by a brief historical survey. At the great conference in London in 1925, Germany offered payments of 1,600 to 1,700 millions a year for five years. This corresponds strikingly to the present beginning annuities. The proposals of Cuno in June, 1924, with their annuities of two milliards, correspond rather closely to the present average annuity." This German publication adds that, using 4 percent as the rate of discount and including the index of prosperity, the present value of what Germany was obligated to pay under the Dawes Plan would, if continued for 56 years, be almost 72 milliards (equivalent to about 18 billions of dollars), whereas, according to this publication, the present value of Germany's obligations under the new Young Plan will be about 44½ milliard marks (11 billions of dollars).

Furthermore, as contrasted with the Standard Dawes Annuity of two and one-half milliard marks, the annuities under the new schedule of payments will not rise for ten years above 2,000 million marks, and for a part of that period they will be under 1,800 million marks. This saving to Germany compared with the payments required by the Dawes Plan in these ten years is very great. It amounts in present value to well over $1,000 million. It will mean that the German budget will receive average relief in the next three years of 750,000,000 marks per annum, the present value of which is approximately $500,000,000. In the next five years the German budget will be relieved to the extent of

approximately 3,400,000,000 marks, the present value of which is $730,000,000. Extending the above calculations to a period of ten years, the *savings* to the German budget under the Young schedule of payments, as compared with the Dawes Plan, will be $1,320,000,000, the present value of which at 5½ percent discount is $1,040,000,000.

Aside from the purely financial benefits which will accrue to Germany under the Plan, de-control will mean material economies to the Reich and abolition of the costly machinery set up during the post-war period. Finally, the financial credit of Germany benefits enormously from the definitive fixing of the reparations burden at a reasonable figure. While of course opinions varied, many of the Germans were inclined to believe that the acceptance of the new Plan might mean that Germany's domestic credit would fall to a 5–5½ percent basis within the next three years (the last German internal loan was made on an 8.30 percent basis). Her foreign credit will, of course, also improve. The effects of such general improvement upon the cost of Germany's extensive short term borrowing should be most favorable.

Quite aside from the functions which it will perform as Trustee for the creditors, the Bank for International Settlements should also prove of great service to Germany. Its governor and directors (the latter coming from the leading commercial countries of the world) will be thrown into confidential relations with Germany's leading financial and economic authorities. They will thus always have at their disposal the information to permit the rendering of prompt aid in the unlikely event of transfer or other difficulties arising. The Bank for International Settlements, as a matter of fact, offers in my opinion greater protection to German economy than the old Transfer Committee or any other suggested body could offer. With the Germans coöperating loyally with the Bank they need have no fear of the future.

ADVANTAGES TO THE CREDITOR GOVERNMENTS

Let us now consider the advantages of the new Plan to the creditor governments. Of all the countries interested in reparations, France stands to gain most from the successful operation of the new Plan. France's actual receipts are of course much less than they would have been had the Dawes Plan continued in full effect for thirty-seven years. But two principles for which the French have always contended are recognized and given validity

by the experts: first, that the chief sums which France desired to receive on account of reparations proper should in the last analysis have priority; second, that the term of payment of reparations should continue as long as the term of payment of the Inter-Ally Debts. The German acceptance of a 59-year term of payment represents for France the attainment of an objective sought with great stubbornness for the past five years. Failing to secure approval of any general cancellation of the Inter-Ally Debts, France felt that the next best thing was to obtain formal recognition by the Allied powers and by Germany of the fact that, as a matter of finance and public economy, the debts and reparations were related problems.

France's success in arranging to receive for herself the bulk of the unconditional portion of the German annuities will enable her to attain an object which has long been uppermost in the minds of her statesmen, that is to say, the steady commercialization of a considerable part of the German annuities. France has felt that nothing would so impress the German mind with the future commercial character of its reparation debt as the knowledge that its obligations were to a considerable extent reduced to the form of bearer bonds and scattered throughout the investment markets of the world. To be sure, the total amount of such bonds issued to private investors may be nothing like as great as the French had originally hoped, the diminution being due to the limited amount of the unconditional annuities, namely about 700 million marks per annum. It is obvious that no public loan issues could be made against annuities subject to postponement.

Now, if the total amount of annuities available for debt service is only about 135 to 145 million dollars per annum, it is obvious, taking into account both interest and sinking fund, that the amount of reparation bonds that can be issued to the public will not greatly exceed, over the total thirty-seven year period of annuity payments, two or two and a quarter billion dollars. The French authorities have expressed themselves as expectant that, of this possible total, French investors themselves will absorb perhaps three-quarters or even four-fifths.

At the Second Hague Conference, which adjourned *sine die* on January 20, 1930, an agreement was reached which provided for a possible issue in the spring of 1930 of German annuity bonds in the amount of 300 million dollars, of which 100 million dollars or its equivalent might be turned over to the German Govern-

ment for the rather pressing requirements of the Reichspost and Reichsbahn. The plan of the creditor governments to share with Germany in the proceeds of the first German annuity bond issue was deemed highly expedient. Of the total issue (300 million dollars or its equivalent) the American investment market might be invited to share to the extent of 75 million dollars, more or less. It is not improbable that these are the only German reparations bonds that the American investment markets will ever have a chance to offer — an amount far below the fantastic figures which some of our head-line writers have for several years been predicting would be "dumped" upon the American market.

Great Britain's likely gains from the reparations settlement are less apparent but perhaps not less real, allowing for scale, than those of France. British reconstruction has proved one of the most complex of all post-war economic problems. Anything which makes for peace and for stability in Europe thus acquires a significance, as far as Great Britain is concerned, perhaps out of proportion to the actual advance made. The settlement at Paris is directly favorable to Great Britain in that from now on she will figure on full coverage for whatever sum she must pay the United States. Compared with the past — except as to very recent years — this will mean real relief for the British tax-payer; for as long as the New Plan lasts Britain is completely relieved from providing funds for her debt to the United States. Great Britain, it is true, abandons in part a claim to some £90,000,000 of arrears (debts already paid to the United States Government), but this claim would have been most difficult to establish. In the final analysis, while Great Britain made no great direct monetary gain as a result of the New Plan, the mere fact of a settlement is of substantial benefit to her.

Italians have reasons for satisfaction at the outcome of the Conference. Before it started, Italy's reparations receipts, even supposing Germany agreed to meet the Dawes Annuity for 37 years, would not have been sufficient to cover her payments to Great Britain and the United States. Now she is assured coverage for all outpayments and in addition a surplus of about $7,000,000 a year payable unconditionally for 37 years. Furthermore, Italy has much to gain through the successful functioning of the new Bank for International Settlements. Italy is one of these "dear" money countries which may greatly benefit through the occasional investment by the Bank of some part of its free

funds within its borders. Considering that the Conference reduced Germany's obligations by a minimum of 450,000,000 marks per year, the relative improvement of Italy's position as a result of the settlement appears all the more striking. The injustice which Italy felt had been done to her at Spa has been repaired.

As to Belgium, aside from the recent settlement of the mark question, as already explained, her outpayments are fully covered under the Plan and she will receive in addition a minimum of some 13 million dollars a year surplus in each of the next 37 years. The Plan confirms the fact that Belgium is to be compensated for war damages, which she suffered in considerably greater proportion than any other belligerent.

POLITICAL BENEFITS FOR GERMANY

On the political side, the benefits which Germany will presumably derive from the final settlement of the reparations problem are so well known that they need hardly be stressed. The final withdrawal of Allied troops from the Rhineland five or six years ahead of schedule and the obliteration of this sign that Germany lost the war are what the German statesmen have constantly been striving for. It is manifestly to France's great advantage also to make early withdrawal of her troops from the Rhineland and consequently to strengthen the Locarno sentiment. Someone has said that the German complex is "isolation" and that the French complex is "security." The reparations settlement goes far to banish both these complexes. The better the political relations between France and Germany, the more certain is peace in Europe. If such problems as Polish-German relations, the Macedonian frontier question, the question of minorities, and so on, are to be solved without new troubles, it must be because France and Germany coöperate to this end. For this reason perhaps more than any other the French and Germans have done a good stroke of business in settling the reparations problem on terms favorable to themselves. German statesmen have often expressed the hope that the reparations settlement might eventually lead to possible revision of certain clauses of the Versailles Treaty, particularly those which affect Germany's eastern frontier. It remains to be seen whether the accord does not serve to bring some moderate treaty revision within the realm of possibilities for the long future.

As to the United States, the American experts at Paris received word in May from Washington that the Administration would recommend to Congress concessions as regards the sums which the German Government was obligated to pay on account of the costs of the American Army of Occupation in the Rhineland, to the same extent to which the chief creditor governments proposed to give up the payments due them for army costs. Except for this concession the New Plan covers all the sums due the United States Government from Germany, including what is known as Mixed Claims. The chances that the American Government will receive fully and without delay payment of all these claims against Germany seem to be surer under the Young Plan than they would have been under the Dawes Plan. I may add that the report that the proposed American concession came as a result of a request from the American experts at Paris to the Administration at Washington was without foundation. Mr. Young and his associates made no request or suggestion to Washington on this point. It may well be argued, however, that President Hoover would wish, in the matter of Army Costs of Occupation, to show towards the German people fully as much leniency as the chief creditor Governments were showing. The gesture which President Hoover made at this moment was a happy and a helpful one.

THE BANK FOR INTERNATIONAL SETTLEMENTS

The proposed Bank for International Settlements (B. I. S.) is designed as the chief mechanism for the carrying out of the Young Plan, and the experts at Paris were inclined to believe that for the long future it might prove to be the most constructive accomplishment of the Conference. The primary purpose of the Bank is to perform a limited set of functions, first in the receipt and disbursement of the German annuities. But early in the Conference Dr. Schacht presented to Chairman Young the idea of an International Bank the workings of which might contribute to the legitimate growth of Germany's export trade, an increase which Dr. Schacht and his colleagues not unnaturally felt was important for the development and maintenance of Germany's capacity to fulfill her obligation under the Plan. M. Francqui of Belgium also had a scheme for a Bank to handle the reparation payments.

With these various tentative suggestions before them, the experts set to work to devise an institution whose primary pur-

pose, as I say, is to handle the annuity payments, but whose scope can be greatly extended in case, in years to come, there proves to be a specific and practicable demand for it to function in branches of economic life not now served. In addition to dealing with the annuities, the Bank will from the start undertake to coördinate such plans as the creditor governments may from time to time desire to put into effect for the commercialization of the unconditional annuities — that is to say, the issuance to the public of German Government bonds the service of which will rest upon such annuities.

SAFEGUARDS FOR GERMANY'S BENEFIT

It follows from the nature of these various operations that the Bank, being a depositary under the Plan for both short and long term deposits (in an amount now figured at about $100,000,000), will perform certain banking functions. Particularly it is expected that the Bank will, in time of financial strain, furnish to the Reichsbank certain credit facilities looking to the regular and uninterrupted payment of the German annuities. It is provided, too, that in the event that Germany should, owing to developments now unforeseen, meet serious and continued difficulty in discharging her obligations under the Plan, the Bank shall have the important power of convening a committee whose duty shall be to explore the situation completely and to proffer plans for remedy. Thus we see a safeguard clause of great importance for Germany, provision having been made that this committee, "having (in case of postponement of transfer) satisfied themselves that the German authorities have used every effort in their power to fulfil their obligations," shall make its recommendations as to future procedure. The committee shall of course have no power of revision, but its recommendations should carry great weight, as it will be composed largely of the heads of the leading central banks of issue. It may be noted that the Allied creditors grant to Germany a far greater measure of postponement and thus protection than they receive under their respective debt agreements with the United States Government.

It must, however, be manifest that the necessity for convening such a special committee will be rendered much more remote by the very protection which Germany will enjoy in the regular functioning of the Bank's directorate itself. That board will in time be the regular meeting place of the representatives of the

twelve or fifteen leading central banks of the world. They will be able periodically to report to one another on economic and financial conditions prevailing in the regions from which they come and, by reason of being thoroughly posted in advance, to minimize or even prevent through coöperative methods the development of perilous economic or exchange conditions. With a common aim from the very start — namely, the maintenance of currency and credit stability throughout the world and, within the limits proper, the promotion of trade and prosperity — these men should come to know, appreciate and collaborate with one another in a manner and to a degree not heretofore considered possible. There will be no need to convert such men to such ideas of coöperation as I have suggested: they are already converted.

There are those, too, who believe that in time the Bank may be entrusted with gold settlement funds. It would be exceedingly rash to predict anything concrete along these lines. But certainly the present method of international gold settlements is slow, clumsy, hazardous, expensive and unscientific. A reading of the statutes of the Bank for International Settlements shows that while its Organization Committee realized this fact, they wisely left the devising of proper means of dealing with it entirely to the Bank's board and staff. The B. I. S., in its design, is intended to help carry on in the international field some part of the work now done by central banks in the national fields. And being under the control of the existing central banks, being inhibited, further, from doing business in the several countries except through or with the consent of the central banks of those countries, the B. I. S. can hardly become the serious competitor, the "super-bank," that some critics have feared. It ought, as the Report suggests, to "become an increasingly close and valuable link in the coöperation of Central Banking institutions generally — a coöperation essential to the continuing stability of the world's credit structure."

AMERICA'S TRADE INTEREST

All this may sound hifalutin. Yet this in fact is the feature in which the American industrial and commercial community has a vital interest. And it follows automatically that the banking system of the United States must be deeply concerned from the start in the successful functioning of any institution the operations of which may have so great an influence upon the stability of the

exchanges, and therefore directly upon the maintenance of America's export trade. We can hardly forget that the development of our foreign trade, which in 1928 amounted (exports and imports) to nearly $10,000,000,000, is largely dependent upon the prompt and regular functioning of our international banking system. Nor must we forget that the regular functioning of the international banking system is in turn largely dependent upon the maintenance of the gold standard.

In this connection it may be useful to point out that especially during the last five years, marking the period in which the Inter-Ally debt payments have been made in large volume, and Germany's reparation payments under the Dawes Plan have been steadily increasing, the strain upon the international exchanges has been heavy. This period has marked the efforts of the great European nations to resume the gold standard. In turn Austria, Hungary, Germany, Great Britain, Belgium, Italy and France have returned to the gold (or gold exchange) standard and, except in the case of France, have done so with the active and important coöperation of American banking interests, including in certain instances the Federal Reserve Banks of this country. That is a feature of the economic history of the last five years which has been of striking and particular importance to American trade. And it would appear that, for the long future, the proposed B. I. S. is likely to furnish one of the most ready means of international banking coöperation, in the favorable results of which America is possibly — because of her enormous volume of foreign trade — most concerned.

THE ATTITUDE OF OFFICIAL WASHINGTON

Now from public comment it would appear that the idea has gained ground that the Administration at Washington has, through the statements of the Secretary of State, declared that such coöperation shall cease. I do not read Secretary Stimson's declarations in that light. The President and he would be among the last persons in the world to attempt to turn back the hands of the clock and to declare that the international banking cooperation which has been an immense contribution to American prosperity shall never be again. What certain of the officials at Washington have apparently feared has been lest the particular form of coöperation planned should give color to the idea that the American banking system was engaged in the collection of

German reparations. For years past Washington has endeavored to establish the thesis that there is no possible connection between German reparation payments to Germany's government creditors and the payments by those governments of their debts to the United States Government. Clearly there has never been any connection in law between these two great international movements of funds. Nothing was said or done at the Paris Conference — nor does the new Plan contain any feature — which can be construed as releasing the Allied Governments from their heretofore executed debt agreements with the United States Government. But with the stability of the world exchanges dependent upon the smooth and proper handling of these two great series of payments there is necessarily a close relationship between them in fact. Why not recognize — not any legal — but the indubitable economic link between these two sets of payments?

Here are the concrete figures making up this link: The average payments of Germany to her creditors under the new Plan will be $495,000,000 per annum. The average net payments of those recipients to the United States Government will be $325,000,000. During the 58-year period when Germany will be paying over to her creditors a capital sum of say nine billions of dollars, the United States will be receiving from approximately those same recipients almost six billion dollars. This is an economic link that it would be hard to ignore.

From this brief survey it is obvious that the United States Government, quite aside from its proper and frequently expressed desire to see America's export trade and the international payments therefor maintained without interruption, has a direct interest in the smooth functioning of the new machinery of the International Bank. For from this time forward, the new Plan gives an economic sanction to the validity of the Inter-Allied debt agreements with our Government which heretofore they have not possessed. Whether we like it or not, Germany has underwritten the debts of the Allied Governments to our Government. In an address at Berlin on June 28 last, Dr. Schacht, the chief German expert, in describing certain of the proceedings at Paris, declared: "All representations on the part of the German experts that Germany had nothing in the world to do with the Allied debts broke down. . . ." And the first thought of the American experts in the early discussions as to the advantages of the

proposed B. I. S. was that, with the great interest of our own Government in the regular processes of foreign debt payments, the authorities at Washington would consider it appropriate to have the head (a private individual not appointed by the Government), of one of the Federal Reserve Banks nominate the two American directors of the Bank. Directors nominated in this manner, just as the foreign central bank heads are to make nominations, would obviously carry great authority in their judgments and be well able to express views fairly representative of opinion at Washington as well as at large. Washington's rejection of this view at the time caused great concern in Conference circles, not so much in the American delegation as among the European experts, who felt that their painstaking efforts to eliminate German reparations once and for all from the political field were being negatived by the Washington declaration which, to the foreign experts, seemed to be based upon political rather than economic considerations.

But there has been too much misunderstanding over this whole matter. First of all, the bylaws of the new Bank will prevent any official of any government from serving as a director. So just how the view first obtained that an American Government official was to be invited to serve does not appear. Of course some method of coöperation will be worked out in harmony with the Administration's views. Whatever its wishes may be as to the desirability of a Reserve Bank head publicly nominating the two American directors, no member of President Hoover's official family has offered the slightest objection to the idea that such Reserve Bank head shall be privately consulted and that his privately expressed views as to nominees shall carry great weight.

MAINTENANCE OF THE GOLD STANDARD

I may perhaps be accused of having laid too much emphasis upon the importance of this international coöperation in affairs of economics and finance. But such importance will always exist. At this particular moment this necessity is vital because of the importance of handling evenly and regularly the great exchange problems created by the obligations to transfer each year to the United States Government the large credits heretofore provided for. The same necessity exists in connection with the handling of the net payments due America on account of her immense export trade. Further, we cannot ignore the fact that the maintenance of the gold standard abroad may be menaced.

Eminent European economists have felt that it would require another fifteen years to reconstitute the liquid capital destroyed by the war. This is a condition to be reckoned with. It can be met only through constant and continued coöperation on the part of the American community. It would be a sad commentary upon our intelligence if, because of the adverse attitude of a few of our legislators, perhaps not all of them thorough students of economics, we should awake some morning to find that the value of maintaining the gold standard was seriously questioned in Europe. Then we should be in danger of being left sitting disconsolate on our pile of that once precious metal, our share constituting almost a half of the entire world's present supply.

I have digressed considerably in order to show America's vital interest in the reparations settlement as proposed under the Young Plan. Returning now to certain final features of that Plan, I venture to point out again that the Report of the Committee of Experts makes plain that, in accordance with its terms of reference, the Committee's conclusions are simply in the nature of "*proposals* for a complete and final settlement of the reparation problem." This attitude is made clear in one of the early clauses of the Report which says: "We have realized, like our predecessors, that political factors necessarily set certain limits within which a solution had to be found if our proposals were to secure acceptance," that is, by the Governments. In fact, at one stage of the Conference one of the European delegates complained that "our work as experts is being ruined by our limitations as politicians." But, as I have explained in some detail, such political considerations were, in the minds of the Committee, sufficiently reconciled at the end and, as the Report states, "the Committee is satisfied that the scheme it recommends is within its terms of reference."

DISTRIBUTION BY THE GOVERNMENTS

Chief of these political problems was, of course, the question of the proportions in which the German annuities should be distributed. Discussion over this question necessarily claimed much time from the chief creditor experts. In fact, on one occasion when they seemed far from agreement one of them made an earnest plea for compromise, saying what a misfortune it would be to have the creditor experts fail at the last to achieve "the most difficult task of the Conference, namely, agreement among

the creditors," as contrasted with the lesser task of agreement with Germany. These recommendations as to distribution of the German annuities were of course no concern of the German experts; but in the Report the general statement was made that they were "drawn up after careful examination of the existing distribution arrangement (Spa percentages) and of other relevant considerations laid before them (the creditor experts) and with due regard to the rights and equities of the other countries (Greece, Portugal, Poland, Rumania, Serbia, Japan and the United States of America) having a share in the Dawes annuities." It has been for the Governments concerned to declare that in the main the distribution arranged at Paris is acceptable to them.

Other important features of the Young Report (upon which the Governments acted favorably at the Second Hague Conference in January) are embodied in the chapter entitled "Liquidation of the Past." Under this general heading recommendations were made concerning the various unsettled claims and counter-claims arising out of the peace treaties between the Allies on the one hand and all the Central Powers (except Turkey) on the other; and among the Succession States themselves. These claims and counter-claims, which ran into billions of dollars, have been finally disposed of on a sensible basis. The series of complicated interlocking documents which will put the settlement into effect have received the approval of the Great Powers in principle, though at the time of writing they are still being elaborated in detail at Paris. These present discussions, however, should not affect the general lines of the arrangements made at The Hague, which among other things dispose for good of the so-called "optants question" between Hungary and Rumania and relieve Austria of all further danger of being required to make reparations payments.

The Young Committee permitted itself to consider the foregoing claims (although, strictly speaking, they did not fall within the Committee's terms of reference) because their settlement manifestly formed an integral part of the general settlement of the reparations question. In other words, the Committee made every effort to end the exercise of measures sanctioned under the Versailles Treaty but calculated, if continued, to keep war memories alive. The Committee expressed "their unanimous desire that the remaining financial questions arising out of the War should be settled as soon as possible, in order to promote the

spirit of international harmony and collaboration." It reflects great credit on the interested Governments that they should have acted so promptly and so favorably upon the Committee's recommendations concerning the complicated and difficult problems involved.

As to the general conclusions of the Report, the German delegates made it clear (with the exception of Dr. Vögler, who resigned and left the Conference two or three weeks before its end) that while they were by no means convinced of the capacity of Germany under all conditions to fulfil its obligations under the Plan, nevertheless as a whole they were prepared to accept and heartily support it. Naturally the action of the Committee in so unanimously recommending the abolition of all foreign control in Germany went far to meet the views of the German experts. The abolition of the Index of Prosperity was another favorable factor. The huge liens on German railways and industries aggregating 16 billion marks were swept away, as was the transport tax. The imposition of a direct tax on railway revenues, to flow directly to the unconditional annuities, was in accord with German ideas.

On the general question of Germany's capacity, certainly if any group were ever justified in its conclusions through the process of painstaking study, it was the group of experts at Paris which gave the most patient inquiry and consideration to all the factors involved in Germany's capacity to pay. "These statements (as made by the German delegation) have been present in the consideration of the Experts and in a large measure their conclusions have been influenced by them," is a declaration made early in the Report, and reflected upon almost every page of it. As for the burden on the budget of the Reich, it is pointed out that the average increase necessary to fulfil the annuities of the 20 years is less than one quarter of one percent per annum, and "indeed the substantial reduction of the budgetary contribution as compared with the Dawes Plan makes possible an immediate resumption of the tax reduction program which has been in progress since 1924."

Finally, it is a truism to say that the adoption of the Young Plan ought to prove an immense stimulus to the European economy. The restoration of confidence, the renewed friendliness, the fresh methods of coöperation through the International Bank and otherwise — all these factors should go far to tran-

quilize Western Europe, and to hasten all the processes of reconstruction.

MR. YOUNG'S ACHIEVEMENT

I cannot close without being permitted to say that to Owen D. Young, more than to any other one man, the settlement at Paris was due. His active and efficient part in the construction of the Dawes Plan was already a tradition in Europe and it was only natural that, seeking as experienced and as disinterested a Chairman as possible, the European experts should have promptly and unanimously chosen Mr. Young to guide their deliberations. The task which he undertook bristled with difficulties. On every side lay pitfalls, not dug for the Chairman, but inherent in the situation. His work was a work of infinite understanding and infinite patience. I mention understanding particularly because at the Conference all the dregs of distrust and enmity that had been eddying about since the days of the Armistice and the writing of the Versailles Treaty were finally drained off; they all came to the top and had to be dealt with and dispersed. All the bitterness that had lain in men's hearts, all the hard things said, and all those that men had not dared say, came creeping forth and had to be met. To understand these men and these things took great understanding, deep wisdom. Mr. Young had them both. And patience, to meet the trying ups-and-downs of negotiation, of point and counterpoint; patience in the face of bitter personal criticism against him and his methods that successively filled the French, the Belgian, and even the British press. To meet all these situations the Chairman had patience, sagacity, resource. His was a leadership that was never demanded by him, but was freely accorded to him by all his associates, because of their clear recognition of his fairness, his character, and his eminent capacity to be a leader of both affairs and men.

THE PLATT AMENDMENT

By Cosme de la Torriente

THE desire of the Cubans to become a free people among the American nations which had broken away from European rule provoked a series of bloody revolutions in the course of the nineteenth century. The last of these, captained by our three great generals, Maximo Gomez, Antonio Maceo and Calixto Garcia, broke out with the cry of "Independence or Death," and caused a cruel war in which the Cuban population was decimated and Cuban territories were devastated. Save for the individual efforts of a few heroic volunteers, the Cubans received no help from other countries, down to the day when the Congress of the United States voted its famous Joint Resolution of April 18, 1898, to which the President affixed his signature on April 20. The text of this document was as follows:

Resolved, by the Senate and House of Representatives of the United States of America in Congress assembled:

First. That the people of the Island of Cuba are, and of right ought to be, free and independent.

Second. That it is the duty of the United States to demand, and the Government of the United States does hereby demand, that the Government of Spain at once relinquish its authority and government in the Island of Cuba, and withdraw its land and naval forces from Cuba and Cuban waters.

Third. That the President of the United States be, and he hereby is, directed and empowered to use the entire land and naval forces of the United States, and to call into the actual service of the United States the militia of the several States, to such extent as may be necessary to carry these resolutions into effect.

Fourth. That the United States hereby disclaims any disposition or intention to exercise sovereignty, jurisdiction, or control over said island, except for the pacification thereof, and asserts its determination, when that is accomplished, to leave the government and control of the island to its people.

The Spanish Government straightway broke off relations with Washington; whereupon, on April 25, President McKinley invited action by Congress. On that very day the following measure was passed:

First. That war be, and the same is, hereby declared to exist, and that war has existed since the 21st day of April, A.D. 1898, including said day, between the United States of America and the Kingdom of Spain.

Second. That the President of the United States be, and he hereby is, directed and empowered to use the entire land and naval forces of the United

States and to call into the actual service of the United States the militia of the several States to such extent as may be necessary to carry this act into effect.

In succeeding weeks the Spanish fleet, which was blockading Cuba, and the squadron which hurried on from Spain under the gallant Admiral Cervera, were either destroyed or captured by the fleets of Admirals Sampson and Schley — names immortal in Cuban history! American troops under General Shafter, assisted by our forces under Lieutenant-General Calixto Garcia, laid siege to Santiago de Cuba, which surrendered on July 16. Spain was obliged to sue for peace. Article I of the Protocol which was signed in Washington on August 12 read: "Spain will relinquish all claim of sovereignty over and title to Cuba."

Plenipotentiaries of the two powers signed the Treaty of Paris on December 10, 1898. The first paragraph of Article I stated simply that "Spain relinquishes all claim of sovereignty over and title to Cuba." The second paragraph provided that, "And as the island is, upon its evacuation by Spain, to be occupied by the United States, the United States will, so long as such occupation shall last, assume and discharge the obligations that may under international law result from the fact of its occupation, for the protection of life and property." Article XVI declared: "It shall be understood that all obligations accepted under this Treaty by the United States as regards Cuba shall be limited to the period of occupation of said island; but on the termination of such occupation the United States will advise the Government that shall be set up in the island to accept the same obligations."

In accord with the stipulations of the Treaty, Spanish sovereignty in Cuba came to an end on February 1, 1899, though the respective ratifications were not exchanged till April 11. On the former date, government in Cuba passed into the hands of the President of the United States, acting through his representative, Major-General John R. Brooke. The latter was shortly replaced by Major-General Leonard Wood, who took part in the Santiago campaign and was afterwards governor of that city.

On May 20, 1902, General Wood transferred the government to President Tomas Estrada Palma, who had been elected by vote of the Cuban people in accord with a Constitution worked out by a Constituent Assembly. The American Army and Navy withdrew from Cuba on that day, the order of evacuation emanating from our great friend, President Theodore Roosevelt. It was as though Providence had willed that the man who had risked his

life for Cuban independence should have the privilege of restoring Cuba to her people!

II

But let us go back a little.

In the "General Orders for the Division of Cuba," dated June 5, 1900, Order No. 301 provided for the convocation of a Constituent Assembly to carry out the principles of the Joint Resolution of April 20, 1898, and representatives of the Cuban people proceeded to meet in such an assembly in Havana for the purpose of drawing up and adopting the fundamental law of their organization as an independent sovereign state. The Constitution was adopted "with prayers for Divine Favor" on February 1, 1901. In one hundred and seventeen Articles and seven Temporary Provisions, the Constitution provided for the establishment of a government capable of fulfilling its international obligations, maintaining the public peace, guaranteeing liberty and justice, and taking measures for the common weal, besides enabling Cuba to assume her place among the nations of the earth in proportion as those nations accorded her recognition.

But the Constituent Assembly had also the duty of studying ways and means for reaching an agreement with the Government of the United States as to the relations which should exist between the two countries. While that discussion was in progress, the Congress of the United States, on March 2, 1901, voted an Amendment to its Army Appropriation Bill that seriously affected Cuba.

The Amendment was proposed by the Senator from Connecticut, Mr. Orville H. Platt, Chairman of the Senate Committee on Foreign Relations. In view of the international celebrity of the Amendment, his name will always figure in Cuban history. Thirty years after the writing of the Amendment, people both in the United States and in Cuba still insist on interpreting it in senses contrary to the intentions of its author and of the statesman who was then Secretary of War, Mr. Elihu Root. The Amendment has even been attributed to Mr. Root. It is evident that Mr. Platt consulted Mr. Root regarding it. In a letter which he wrote on June 1, 1904, Mr. Platt says: "The original conception was my own, though various modifications were introduced, in the wording, not in the spirit, in consultation with Republicans on the Committee, with President McKinley and Secretary Root. The

document took its final form after a revision made by Senator Spooner and myself."

The Amendment, dated March 2, 1901, was officially communicated to the Constituent Assembly on March 7 by Military Governor Leonard Wood. It read as follows:

That in fulfillment of the declaration contained in the joint resolution approved April twentieth, eighteen hundred and ninety-eight, entitled "For the recognition of the independence of the people of Cuba, demanding that the Government of Spain relinquish its authority and government in the island of Cuba, and withdraw its land and naval forces from Cuba and Cuban waters, and directing the President of the United States to use the land and naval forces of the United States to carry these resolutions into effect," the President is hereby authorized to "leave the government and control of the Island of Cuba to its people" so soon as a government shall have been established in said island under a constitution which, either as a part thereof or in an ordinance appended thereto, shall define the future relations of the United States with Cuba, substantially as follows:

I. That the government of Cuba shall never enter into any treaty or other compact with any foreign power or powers which will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain by colonization or for military or naval purposes or otherwise, lodgment in or control over any portion of said island.

II. That said government shall not assume or contract any public debt, to pay the interest upon which, and to make reasonable sinking fund provision for the ultimate discharge of which the ordinary revenues of the island, after defraying the current expenses of government, shall be inadequate.

III. That the government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property, and individual liberty, and for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States, now to be assumed and undertaken by the government of Cuba.

IV. That all acts of the United States in Cuba during its military occupancy thereof are ratified and validated, and all lawful rights acquired thereunder shall be maintained and protected.

V. That the government of Cuba will execute, and, as far as necessary, extend, the plans already devised or other plans to be mutually agreed upon, for the sanitation of the cities of the island, to the end that a recurrence of epidemic and infectious diseases may be prevented, thereby assuring protection to the people and commerce of Cuba, as well as to the commerce of the southern ports of the United States and the people residing therein.

VI. That the Isle of Pines shall be omitted from the proposed constitutional boundaries of Cuba, the title thereto being left to future readjustment by treaty.

VII. That to enable the United States to maintain the independence of Cuba, and to protect the people thereof, as well as for its own defense, the government of Cuba will sell or lease to the United States lands necessary for

coaling or naval stations at certain specified points, to be agreed upon with the President of the United States.

VIII. That by way of further assurance the government of Cuba will embody the foregoing provisions in a permanent treaty with the United States.

III

The majority of the delegates to the Constituent Assembly found it utterly impossible to accept the principles enunciated in the Amendment of the Senator from Connecticut, and especially Articles II, III, VI, and VII. It was to reassure these patriots that Governor Wood, on April 3, addressed a new communication to Doctor Domingo Mendez Capote, Chairman of the Assembly. "Since some doubt had arisen among Delegates to the Assembly as to the scope of the intervention specified in the third paragraph of the Platt Amendment," and in order that the Delegates might know the views of the President of the United States, the Governor begged leave to transmit a cablegram which he had received from Secretary of War Root. This telegram read:

You are authorized to state officially that in the view of the President the intervention described in the third clause of the Platt Amendment is not synonymous with intermeddling or interference with the affairs of the Cuban Government, but the formal action of the Government of the United States, based upon just and substantial grounds, for the preservation of Cuban independence, and the maintenance of a government adequate for the protection of life, property, and individual liberty, and adequate for discharging the obligations with respect to Cuba imposed by the Treaty of Paris on the United States.

The Assembly was not satisfied with this explanation, and manifested grave alarm at the situation which had arisen. On April 13 it voted to send a committee of its own members to Washington, to learn in detail the views and intentions of the Government of the United States regarding the political and economic relationships that were finally to be established between the United States and Cuba, and to come to an agreement such as could be submitted to the Assembly for final ratification. The committee conferred at Washington with the President, with Secretary Root, with different members of the Cabinet and of Congress, and, among the latter, with Senator Platt. It reported its results to the Assembly at Havana on May 6. The report included, by permission of Mr. Root, notes on the committee's interviews with him as the President's spokesman.

This report has ever since been the subject of study and criticism; and it must, in fact, be regarded as a document of the first importance, since it faithfully reproduces the views which induced the Assembly to incorporate the Amendment in an Appendix to the fundamental charter of Cuba. Why, in fact, did the Assembly on June 12, 1901, by a vote of 17 to 11, decide to add to the Constitution which it had already voted, the eight clauses previously adopted by the Congress of the United States and approved by President McKinley? The Assembly had before it the report of its committee. It also had before it a letter of Secretary Root, written on May 31 and transmitted to Doctor Capote by Governor Wood on June 8. On May 28 it had approved, by a vote of 15 to 14, the report (made on May 24) of a Special Committee appointed to study the Amendment, which virtually accepted the famous clauses. To read all these documents carefully is to see that the vote of the majority was determined by the complex of information which had been brought back from Washington.

Even today, at a distance of almost thirty years, a Cuban may well stand aghast at the immense responsibility which those great sons of Cuba had to face, called upon as they were to choose between immediate establishment of the Cuban Republic and indefinite postponement of the Constitution. One remembers the magnificent gesture of Salvador Cisneros Betancourt, President of the Republic in Arms during the Revolution of Yara, who at the meeting of the Assembly on June 11 moved that the document containing the Amendment be returned to the Military Governor without comment — a motion which won only the vote of its author. And one remembers the eloquent oration which the great patriot Juan Gualberto Gomez delivered against acceptance.

In the judgment of the author of this article — a soldier in the army of liberation — the report of May 6 exonerates those who gave their votes for the approval of the Amendment, since it added to the text of the latter clear and precise interpretations sufficient to allay all fears as to any future distortion of the Amendment's letter and spirit.

To the remarks of the chairman of the committee regarding Clauses I and II, Mr. Root replied: "It is a question of purely internal constitutional limitations, which the American Congress asks of the Cubans in accord with provisions of the Constitution of the United States limiting the power of Congress, and depriv-

ing Congress of certain powers that might endanger national independence. The limitations requested are of the same constitutional character as those established by the American Constitution. They concern Cuba alone, and will be executed by Cuba and by Cubans exclusively."

As to Clause III, the Secretary of War observed: "I must point out that this clause is of no benefit to the United States, and so the Cuban people must understand it. The United States has no desire nor intention of intervening in the government of Cuba. There is neither glory nor profit to be won in such a thing, and the United States is in fact withdrawing its troops. The Cubans may rest assured that the clause is intended wholly and exclusively for their benefit. The clause is an extension of the Monroe Doctrine, which has no international force recognized by all nations. The Cubans accept the Monroe Doctrine, and the Third Clause is the Monroe Doctrine, but now given international force. By virtue of this clause the European nations will not question the intervention of the United States in defense of Cuban independence. The first and third bases preserve the United States from seeming to be the aggressor when it faces other nations to defend the independence of Cuba." And later on he added: "Intervention in Cuban affairs will be resorted to only in case of great disturbances, similar to those which occurred in 1898, and with the sole and exclusive object of maintaining Cuban independence unimpaired. Intervention will only take place to protect the independence of the Cuban Republic from foreign attack, or when a veritable state of anarchy exists within the republic." In another conference, Mr. Root remarked: "The United States declared in the Treaty of Paris, and has declared ever since, that its intervention in the affairs of Cuba relates solely and wholly to the preservation of Cuban independence. Any other interpretation would limit the fundamental concept to the prejudice of Cuban sovereignty." And again: "Intervention always and in all cases would be in favor of independence, even should it arise from some serious failure on the part of the Cubans to form their government." "The Third Clause is equally binding upon the United States to respect and preserve the independence of Cuba." "The United States could not threaten the sovereignty and independence of Cuba without violating a law they themselves have made and repudiating contracts they themselves have signed." "Intervention would take place only as a result of a formal pro-

cedure, never at the caprice of an Administration. Before arriving at intervention an American Executive would have to have exhausted all diplomatic resources, or be acting in obedience to a mandate from Congress."

To a query addressed to Senator Platt himself, that gentleman answered "that the Amendment was carefully worded so as to avoid any possible thought that acceptance of it by the Constituent Assembly would tend to establish a protectorate or a suzerainty, or any form of meddling with the independence or sovereignty of Cuba."

IV

The international personality of the Republic of Cuba as an independent sovereign state dates from May 20, 1902. A year later the Permanent Treaty between the American and Cuban Governments was signed (May 22, 1903, ratified July 1, 1904), to remain in force till modified, rescinded or replaced by the mutual consent of the two countries. This Treaty carried out the eighth clause of the Amendment and of the Cuban Constitutional Appendix. The Permanent Treaty therefore alone regulates the relations of the two nations and it alone has obligatory force upon them both.

But even before the signing of the Treaty, on February 16 and 23 of that year, Presidents Roosevelt and Estrada had come to an agreement as to coaling and naval stations, and another agreement, supplementing the first, was made on July 2. On December 10 the United States took possession of the lands and waters assigned to the Naval Station of Guantánamo, which they still hold. These agreements carried out the seventh clause of the Amendment. Later the two Governments agreed not to make another Naval Station at Bahia Honda, as had been arranged in the agreement of 1903, and the lands of Guantánamo were somewhat extended.

Another agreement, signed on February 23, 1903, assigned the Isle of Pines to Cuba. Despite the efforts of Minister Quesada, this agreement was not ratified by the American Senate within the specified dates. Another treaty, repeating the first, was accordingly signed on March 2, 1904, by Messrs. Quesada and Hay; but no dates for ratification were specified, to prevent the lapsing of the agreement a second time. The Cuban Senate ratified it on June 1, 1904, but the American Senate withheld its

approval, overlooking the favorable report of its Committee on Foreign Relations. The treaty was not to be ratified, in fact, for many, many years. The Cuban Republic was twenty-three years old when, as the first Cuban Ambassador to go to Washington, the writer of this article had the honor of securing the approval of the American Senate on March 13, 1925. The exchange of the documents ten days later marked, at last, the fulfillment of the sixth article of the Permanent Treaty (Clause VI of Amendment), and was all the more creditable to the United States since, during the many years the controversy over the Isle of Pines lasted, nearly everybody had predicted that the transfer of the island to Cuba would never take place.

The obligations created by the Fifth Article of the Permanent Treaty (and Amendment) have, we may say, always been met, and the passing years have demonstrated the uselessness of that clause. The discovery of the origin of yellow fever brought that disease under control, and Cuba has long since ceased to be a menace in that connection. The measures taken by the Cuban Government on its own initiative against contagious or infectious diseases have been so effective as to make the Cuban death rate lower than that of most states in the American Union, and one of the lowest in the world. On occasion, Cuba has had to take measures of protection against epidemics originating in the United States.

The stipulations of Article IV of the Treaty have, of course, at all times been religiously observed by Cuba.

In view of the passionate devotion of the Cubans to their independence, for which they had made such sacrifices, Article I might seem to be useless; yet it is an article which the Cubans would have included, and would again include, of their own free will in any Treaty with the United States. It is only a consequence of the Monroe Doctrine, and in furtherance of Cuba's own legitimate interests which are bound up with the safety of the United States.

The second clause happens to conform to Article 59, sec. 3, of the Cuban Constitution, and the Cuban Government has never contracted public debts not covered by the normal national income. During the world-wide panic following the Great War there was a delay of some months in payment of a few items of amortization and interest; but these were eventually met, without any loss of confidence on the part of Cuban bondholders in

the disposition of the republic to deal scrupulously with its creditors.

Nevertheless the terrible panic of the last quarter of 1920, arising from the unexpected drop in sugar prices after an equally unexpected rise (which shook all the banks in the country), not to mention the paralysis in our foreign trade, showed the danger to Cuban sovereignty and independence that may lurk in Article II, if that clause be interpreted as offering a pretext for Washington to meddle in the private affairs of Cuba. When the question of a loan to meet the situation arose, certain officials of the United States evinced an inclination to associate clause II with clause III, in order to claim a right on the part of the United States (acting through its special representative to our Presidency) to have access to such sources of information as it might choose to utilize, and to make investigations in the departmental books of the Cuban Government. In the end, the Cuban Congress decided to make a loan of only fifty million pesos; and the Cuban Executive, the two Houses, our business organizations and the great newspapers so vigorously resisted any sort of fiscal supervision over Cuba by the American Government (an American official has recommended that very thing) that the absurd proposal, really tantamount to intervention, was withdrawn. President Harding, at the time, was himself opposed to the notion. The advantageous terms obtained by Cuba in floating the loan demonstrated the soundness of Cuban credit not only in the United States but throughout the world; and it was seen that a violation of the Treaty by the United States, and any dishonorable acceptance of such a violation by Cuba, far from strengthening our credit, would have weakened it. The incident served to demonstrate that the Treaty can be used only in accord with its letter and spirit, and in accord with the official interpretation which the United States Government gave to it, at the proper moment, through its spokesman, Secretary Root.

But the cornerstone of the Treaty, both for the parties concerned and for others, is Article III. The Platt Amendment would never have been passed without that clause; nor would the American Government ever have forced its inclusion in the Cuban Constitution had it not given the United States "the right to intervene for . . . the maintenance of a government adequate for the protection of life, property, and individual liberty."

Faithfully complying with all the other clauses, Cuba has tact-

fully and prudently complied also with Article III, since, whether willingly or under pressure, so long as the Treaty exists, there is nothing to do except comply with it if we are some day to arrive at its abrogation, modification or replacement. That point must be reached if serious conflicts are to be avoided.

The instances when Article III came into operation have been two.

In August, 1906, President Estrada Palma and all his cabinet resigned. The Republic was left without an executive power, and the legislative power — making a mistake which can never be too much regretted — failed to provide for a successor to the Presidency. The Cuban people, thereupon, in strict fulfillment of its international obligation, allowed the United States (which had vainly striven to effect an understanding between the warring Cuban parties) to take charge of the government by military occupation and to nominate a civilian Governor General pending the popular election of a new Executive.

In February, 1917, a portion of the Cuban people, believing its constitutional rights were being infringed, rose in arms against the constituted government. But they returned to their homes when the Washington government lent its aid to President Menocal by a public declaration to the effect that a case for intervention under Article III had arisen.

It is only fair to recognize that both of these interventions were provoked by the Cubans themselves through their own errors.

Certainly the persons responsible, with Senator Platt, for the famous Amendment, would never have supposed that this third clause — which is the backbone, the spinal cord, the real essence, of the system they tried to establish in the interests of Cuba — would be the one to fail of its effect, and especially to be a source of so much uneasiness throughout all Latin America.

The right of the United States to intervene in Cuba to maintain "a government adequate for the protection of life, property, and individual liberty" has not prevented revolutions; nor has it served to prevent violations of the most sacred individual rights, when individuals disposed to offend against those rights have chanced to be in power in Cuba. On the contrary, the possibility of American intervention has been exploited by unscrupulous politicians for selfish purposes. In my judgment, the history of Cuba since 1906 shows that Article III, so far as it regards the protection of life, property and liberty, serves, at the best — whether we think

of its spirit or of the forms in which it is applied — occasionally to destroy a good government, and now and then to strengthen governments which in one way or another violate the Constitution and the laws in order to keep in power.

In principle, an individual who has attained his majority and the full enjoyment of civil and political rights cannot be given a guardian to watch his steps and correct his mistakes — the individual in question grows accustomed to such guardianship and ends by being unable to do anything by himself. But, in practice, the right of intervention tends to embitter political struggle and furnish occasion for disturbances of the public peace. Certain people will always be found disposed to appeal to the foreign power, alleging that their lives are in danger, their property insecure, their liberties disregarded. If such appeals come from citizens of the intervening power some attention may be paid to their complaints, and threats or protests may follow on grounds which are either well or badly taken. But if they come from nationals of the weaker country, no attention will ever be paid to them. At the most their petition will be published in the press, and their situation made more difficult than it was before.

These evils will only be aggravated in the future if Washington continues to pursue the mistaken policy of not recognizing such governments in Latin America as proceed from revolutionary movements, regardless of the merits of the revolutions. It is the habit of all self-perpetuating governments on our continent to cloak their abuses of the rights of citizens under irreproachably legal forms and under language of the profoundest respect for democratic principles, morality and justice. The continuance of this policy will result in the establishment of despotisms in several of our republics, since few people will venture to struggle against the power of the despots who rule over them combined with the refusal of Washington to recognize revolutionary governments.

V

In foreign countries one notes a frequent tendency to interpret the Treaty in the sense that it is a prohibition or impediment laid upon Cuba in the free development of her international relations. When the desire of these foreign commentators is to affront Cubans in their deeper pride, it is suggested that the Platt Amendment reduces Cuba to the position of a protectorate or a semi-sovereign power. When the desire is to insult Americans as in-

triguers and treaty-breakers, the Amendment is represented as a cloak which disguises the effective operation of American sovereignty in Cuba.

In answer to this it should be pointed out that Article I simply prohibits any treaties with foreign powers which would in any way limit Cuban independence or tend to give those powers a foothold on Cuban territory. The prohibition in question is one which the Cuban people will always accept as a logical consequence of the help they received from the United States in winning their independence. But it is also a logical consequence of the Monroe Doctrine, which cannot be ignored since it is one of the most tangible of realities. Article I, indeed, is naught else than the Monroe Doctrine itself, designed to prevent European governments from again establishing themselves in their former American colonies.

But that Cuba has actually — and we hope wisely — exercised her sovereignty, may be shown by a long series of facts: Cuba has concluded all kinds of treaties with foreign powers, without anyone's seriously suggesting that in doing so she was violating her Constitution or her international obligations. Cuba entered the Great War without any semblance of a pact, but from a simple desire to contribute her modest help to the United States and to the cause for which the Allies were fighting. Cuba ratified the Treaties of Peace, while the United States refused ratification. Cuba entered the League, while the United States kept out. Cuba subscribed to the Statute of the Permanent Tribunal of International Justice, and actually furnished a judge to that Court, while the United States was still holding off. Cuba maintained a viewpoint contrary to the policy of the United States at the Sixth International American Conference held at Havana in 1928. Cuba successfully asserted her own rights against three of the greatest powers of Europe, which were pressing ruinous claims for damages arising during the wars for independence. Cuba successfully held her ground against tendencies in Washington to use the revolution of 1912 as a pretext for establishing a naval station in the bay of Havana itself. Cuba similarly held her ground against temptations to meddle in her fiscal affairs during the great panics of 1920–21. Cuba successfully asserted her right to the Isle of Pines — to the whole of the territory of the Old Colony, in other words — in the face of a long and acrimonious campaign by land speculators and newspapers of imperialistic tendencies.

This hasty review of the proofs Cuba has given of her sovereignty should serve to convince all lovers of the principles of juridical equality and international justice that the day will come when Cuban aspirations must be realized and our political relationship with the United States expressed in some other form. The flame of this hope has burned in the hearts of all of us who fought the wars against Spain and who have been administering and guiding the policies of our country; and it is no less bright in the younger men who have replaced or will soon replace us older veterans. That day will have arrived when there shall indisputably exist in Cuba a self-respecting government which is able to give proofs of its worthiness to shoulder the great burden — proofs consisting of its absolute respect for the Constitution and laws of the Republic, of having given no one rightful cause for complaint that individual or political rights have been disregarded, of enabling no one, whether Cuban or foreigner, rightfully to appeal to the Treaty and to the Amendment which gave it birth, thus awakening from a slumber in which it should be allowed to sleep forever a clause so distressing to every good Cuban and — why not speak plainly? — so heavy upon the conscience of every good American.

On that day we may properly recall a prayer which the late Mr. Bryan once raised in behalf of Cuba: "God made us neighbors — may Justice keep us friends." Only through the American sense of justice can a little nation like Cuba hope that a mighty nation like the United States may be brought to put an end to the injustice implied in the Platt Amendment.

The injustice consists in this: that the United States at the beginning stood toward Cuba in the relationship of guardian to ward; no valid contract, therefore, could be made between them till the ward had been declared of age and put in possession of what belonged to him of right. Senator Pepper made this point in discussing the question of the Isle of Pines. The American Government, he said, stood toward Cuba as a trustee toward a trust — it could not, therefore, make any part of the trust its own, but could only pass it over to its rightful owner. If the United States could not rightfully take over the Isle of Pines, they could not rightfully acquire any other right not accorded them voluntarily and freely by the Cuban people; and such concession remains impossible so long as the Republic is not established on a Constitution freely adopted by representatives of the Cuban people; nor

could the concession, in deference to the Joint Resolution which presided over the birth of Cuban nationality, ever concede any right minimizing Cuban sovereignty.

Just what terms such a new treaty ought to contain are difficult to suggest in advance; but I may make free to indicate one or two considerations.

Article I of the present Treaty should be maintained virtually intact.

Article II should be suppressed, since the Cuban Constitution itself offers a better and more explicit guarantee.

As for Article III, the portion bestowing upon the United States a right of intervention in defense of Cuban independence should be replaced with a pact whereby the United States would offer her support for the defense of Cuba against foreign attack; in exchange for which, and in defense of the United States as well (for, since the construction of the Panama Canal, Cuba forms part of the natural defenses of the United States), Cuba would grant the privileges of the Naval Station at Guantánamo guaranteed in the present Article VII. The rest of Article III should be suppressed.

Article IV should disappear in favor of some clause whereby Cuba takes over each and all of the obligations devolving upon the United States under the Treaty of Paris. Articles V and VI would also be useless, the one since no reason for it exists, the other since it has already been fulfilled.

The first problem to be discussed at such a time by the two governments would be whether a new Permanent Treaty should be negotiated, or the present one modified; or whether the new Treaty should be one of guarantees, of general relations, of friendship, or of some other kind.

Happy for the peoples of Cuba and the United States the day when such negotiations are instituted! Then I would repeat the words with which I once closed a speech in Cleveland: "Nothing would more greatly enhance the glory of the United States in the eyes of all civilized humanity than for her to continue giving, as she has given in the past, evidences of her high sense of international justice; and no better opportunity for doing so could exist than that of affording the Cubans the occasion for permanently welding a friendship which our close proximity requires should be eternal."

THE SOVIET TOUCHSTONE: INDUSTRIALIZATION

By Bruce C. Hopper

TO most western economists and business men the Five Year Plan is another Russian chimera, conjured up from the smoke of chimneys yet to be. To Soviet leaders it is the formula of industrialization, a gigantic but realizable scheme by which they expect to change the face of Russia. Under it they expect to invest some eighty billion rubles in the national economy between 1927–28 and 1932–33 and to double the national income at the end of that period.

The average foreign resident of Soviet Russia hesitates to label a project impossible merely because it seems to him fantastic. Involved in most Soviet undertakings is an unknown quantity *x* — a *lex economica* of revolution — which baffles analysis. Under the state planning system the Soviet Government forbids the import and production of luxury goods, fixes prices according to policy rather than supply and demand, and forces all able-bodied consumers to take part in production. There is, as yet, no way of measuring the economic advantages to be gained by this method, by eliminating the middlemen or by avoiding the waste of duplication and competition. Nor is there any way of measuring the abiding patience inherent in the character of the Russian people. The very size and diversity of the lands, resources and population groups which comprise the Soviet Union tend to retard the application of new schemes, but also to lessen the penalties inherent in them. This combination of factors has in the past permitted the partial fulfilment of Soviet programs which by western economic laws could lead but to disaster.

Very little capital is owned abroad by individuals within the Soviet Union, while that owned by the state is employed in current trade operations. Nor does Soviet Russia possess shipping and other facilities which would produce income abroad. Again, the excess of exports over imports is considerably less than it was before the war, because the importation of equipment is increasing. Foreign investments in Soviet concessions amount only to 50 million rubles. And although the Soviet Government enjoys a certain amount of goods credit in other countries, it has been unable to raise desired foreign loans. How, then, are the

enormous sums for industrial development to be obtained?

The answer to this question, as stated in the Five Year Plan, is that sufficient funds will be obtained by "mobilizing the internal accumulations of capital." To understand this method of financing economic development one must first examine the application of Lenin's dictum: "Accounting and control . . . lead to socialism."

The history of Communist rule in Russia is a record of the effort by the party and the Government to establish effective economic control as a necessary condition of enforced industrialization. On seizing control in 1917, the Communists were confronted with an undeveloped agricultural country, economically exhausted and politically in chaos. For many years the Russian population had been increasing faster than the means for providing ordinary necessities and employment, and the resulting discordant population-production ratio created a problem which would have challenged any government that came to power.

It was already a problem in Tsarist times, and in the 90's Count Witte adopted industrialization as a solution. Industrial development and railway building were made possible by huge borrowings abroad, but these, added to the debts incurred for military preparations, demanded interest payments greater than the country could readily bear. Put to it to meet its foreign obligations, the Tsarist Government wrung an exportable agricultural surplus from the soil. The peasant producers were forced by taxation to increase their output, and even to sell grain which they really needed for their own consumption.

In addition to inheriting the population-production problem and the attempt to solve it by industrialization, the Communists also took over the Tsarist policy of forcing the agricultural population to pay most of the current costs. They have an additional (and in their view compelling) motive for the industrialization of Russia — the need to adopt industrialization as the "road to socialism."

The broad Communist program for increasing the prosperity of the Soviet Union may be summarized, then, as the transformation of the national economy from the capitalist system with its so-called anarchy of production and distribution, into a socialistic system of unified plan and control; and the transformation of society from a class order into a classless order of "collective man."

THE STRUGGLE FOR ECONOMIC CONTROL

There have been three distinct periods in the evolution of communistic economic control.

The first period — Military Communism — resulted in the virtual destruction of traditional private property and personal rights. The Government proclaimed monopolies on the so-called "commanding heights" — big industry, transport, foreign trade, banking, insurance and large agricultural estates — with the purpose of organizing industry as a "single state factory." By March 1919 industrial enterprises operated by the state were conducted entirely on a non-commercial basis, without the use of money. Workers received wages in the form of a card ("payok") entitling them to food and goods in proportion to the labor credited to them. Distribution was controlled by the Commissariat of Supply. Agricultural products were declared a state monopoly. The net result was that by 1920 private capital had been abolished, products were no longer marketable assets, and the legal function of money disappeared. Economic control had been established in industry. But it had not been established in agriculture. Defying a system which requisitioned their grain without a *quid pro quo* in goods, the peasants limited production to their own needs, and the towns were threatened with starvation.

The second period — the New Economic Policy — was forced by the "peasants' strike" and the famine of 1921. It opened with a limited restoration of the market and a return of money as a medium of exchange, and led to the transfer of state-owned economic enterprise to a basis of commercial accounting detached from the budget. To aid in the reconstruction of the country many of the restrictions on private capital were removed.

The New Economic Policy has been called a "retreat to capitalism." In reality, it was a forced compromise between the two internal pressures which have determined the development of Soviet Russia since 1917: the ideological pressure to abolish capitalism, and the economic pressure to provide for the living necessities of 150 million people and to utilize the initiative of private capitalism for the sake of increased production. As a result of this compromise, capitalistic elements are still operating in Soviet Russia to a varying extent. The country's economic life has been divided into two main streams: the socialized

sector, consisting of state and coöperative enterprises; and the private sector, consisting of enterprises belonging to individuals.

In lessening its economic control the Soviet Government assumed that the socialized sector would expand in due time to such an extent that the private sector would disappear. But, contrary to expectation, the private sector grew faster than was considered safe for a state in the "process of becoming socialistic." In 1926–27 the private sector accounted for 17.2 percent of the total production in industry, and 98.1 percent in agriculture; it conducted 3.3 percent of the wholesale trade, and 35.3 percent of the retail. It was apparent, then, that the compromise of the New Economic Policy was no longer tenable from the Communist Party point of view. The productive powers of the country had greatly increased, but private capitalism, particularly in agriculture and trade, had become a greater obstruction to the Government's plans. The Communist rulers had to permit more individualism (that is, loosen the control), or enforce more socialism and tighten the control. They chose to retreat from the New Economic Policy not to more capitalistic, but to more socialistic methods. This decision marked the second triumph of ideology over economic pressure.

The third period was opened in December 1927 by the "Socialistic Offensive." It aimed at a faster rate of socialization, of collectivism in agriculture and coöperation in trade; a faster tempo of industrialization, and recentralization in industry; greater emphasis on state planning, and enforced discipline for its fulfilment; greater use of the budget system to redistribute the national income and thus finance socialized economy; and a general tightening of the control over all economic life in the country.

The immediate task of the Soviet Government was declared to be the coördination of the means of production, so that private agriculture would work with socialized industry. The instruments decided upon for effecting such coördination were the distribution services of transport and credit (both of them state monopolies), and trade, which was to be forced into the "line of the state" by the Government's control of wholesale supply. The focal point in the struggle became control of agricultural supplies, an exportable surplus of which must be obtained in order to pay for the imported equipment.

SUPREME ECONOMIC CONTROL

The success of the Five Year Plan is predicated on the toil and sacrifice of all Soviet citizens. Certainly the Russian workers and peasants never had the comforts and luxuries of life. Whether under any other than the Soviet system the majority of the population would be any better off economically is a matter of sheer speculation. In evaluating the situation, however, the fact cannot be overlooked that the Soviet idea is to plan for the future rather than the present. For instance, butter and eggs, badly needed for home consumption, are exported; Russian butter can be obtained in London when it is unobtainable in Moscow. And vast sums are assigned for the development of "long haul" projects of primary production, such as power plants, iron foundries, etc., even though this means neglecting textile mills and other units producing consumers' goods, of which there has been a shortage since the revolution.

The Communists themselves submit to the exigencies of planned economy on the simple premise that this generation must suffer. There can be no doubt that most Communists and members of the organization of Communist Youths, who together comprise 2 percent of the total population, are sincerely working and enduring hardships today for the sake of future prosperity. The 98 percent majority, however, who are not sustained by discipline and faith and do not enjoy the sweets of power, are more concerned with the problems of subsistence. The interesting question arises: How do 2 percent convince 98 percent that they must suffer for the sake of the Five Year Plan?

Several answers can be given. Armed rebellion is virtually impossible. Open resistance is kept within local bounds, and is quickly punished. The 125 million peasants, constituting four-fifths of the total population, lack energy and organization, even though (as the unquestionably severe food crisis in 1929 shows) they may indulge in a kind of sabotage, a sullen resistance to the Government's policy of fixing agricultural prices. In the urban centers persons who do not approve of the party's program must coöperate or starve. Furthermore, the party is staunchly supported by the trade unions, and by the proletariat in general. Workers grumble fiercely as individuals, but collectively they coöperate with the Government, secure in the knowledge that they receive first consideration in times of actual shortage.

But the real answer to the question of how the small minority controls the great majority is found in the organic nerve system of control, with its center in the Kremlin.

Under the Soviet régime the towns dictate to the villages (*i.e.*, industry to agriculture); the proletariat dictates to the towns; the Communist Party dictates to the proletariat; and the Central Committee and Politbureau of the party dictate to the party as a whole, to the Government, and to the country at large.

The Communist Party enjoys a "monopoly of legality." No other party is permitted, and factional groups within the ranks are forbidden. There is complete freedom for discussion of all controversial questions within the party until a decision has been reached, but after that if a member opposes the will of the majority he may find himself expelled. The resolutions adopted by the party are not laws, but party loyalty requires that all members abide by them. As all the People's Commissars (who make up the governmental cabinet) are also members of the Central Committee of the party, the decisions of the latter are readily transmuted into governmental decrees.

In general, policy originates in the "steering committee" of the Central Committee, known as the Politbureau and composed of nine leaders. It is the real source of legislation, and has the power to annul the decisions of the constitutional or Soviet organs of authority. This interrelation of party and Government is carried downward from the center at Moscow, and exists between the most remote local Soviet and the corresponding party cell. In every elective governmental body there is a party "fraction," composed of the party members in that particular organization, which enforces the party control locally. As voting in the Soviets is by "showing of hands," opposition to the party members seldom develops.

Internal party control is entrusted to the Central Control Commission, the "party cleanser," the function of which is to recommend the expulsion of members guilty of factionalism or breaches of discipline. In November 1928 the Central Control Commission renewed its assault on the remnants of the left opposition (Trotskists), who favored faster industrialization at the expense of agriculture, and also declared an offensive against the new right opposition (the Bukharin group), who wished to slacken the tempo for the sake of improving the immediate welfare of the consumers. In May 1929, on the adoption of the Five Year Plan,

a general party cleansing was declared, the first since 1921. All opposition, left or right, is to be exterminated, and the party will seek only such new recruits as will add strength to its program.

The fact that the higher governmental bodies are exclusively Communist in personnel, that three-fourths of the managers in state industry are party members, and the rank and file of the party at all stages of the pyramid serve as constant inspectors of the enterprises with which they are associated, insures the party's control of Russia's economic life. This control, in the strict sense, operates through the Workers-Peasants Inspection and the State Political Administration (G. P. U.), which are entrusted with enforcement of conformity to the single, unified plan.

Nominally the Workers-Peasants Inspection is a government commissariat; in reality, it is an extension of the Central Control Commission of the party. G. Orzhonikidze, a Georgian and a close adherent of Stalin, is the chief of both.

The function of the Workers-Peasants Inspection is to study the Soviet system at the commanding points, in order to place it on a "scientific basis, which would exclude the possibility of bureaucracy, perversion and superfluity." The masses, the trade unions, economic commissions and workers and village correspondents are directed to report to it all instances of obstruction, incompetence and breach of trust.

The method of inspection is for a commission from the control and verification section of the Workers-Peasants Inspection to appear, without notice, at the headquarters of a commissariat, a trust, a Soviet, a bank, a factory, a railway, almost any state institution, and call for its books. For weeks the commission checks accounts against ascertainable facts. The working conditions of the organization are examined in the light of the general economic plan. The Council of People's Commissars then publishes the findings, along with a decree designed to effect the recommended changes. From time to time party congresses have given more power to the Workers-Peasants Inspection, until today it provides the party and Government with a searchlight from which there is no escape.

The State Political Administration or secret police, better known by the initials G. P. U., is the "watchful eye of the revolution" and the punitive organ of the class war. It pursues the speculator, the counterfeiter, the smuggler, and all "economic

criminals" who ordinarily lie beyond the jurisdiction of a military-political tribunal. In Russia and abroad it ferrets out economic conspiracy, economic espionage, and economic counter-revolution — generic terms which cover all possible offenses against a state which is in business. It differs from the old Cheka in that it is, at least nominally, subject to the Central Executive Committee of the Government and attached to the Council of People's Commissars. As a matter of fact, its orders come from the Politbureau and the Central Committee of the party. It differs also from other famous weapons of class justice, such as the Committee of Public Safety of the French Revolution, or the Okhrana of the Tsars, by its functions in economic as well as in political control.

Ownership of the largest single economic enterprise ever known makes the Soviet state peculiarly sensitive to activity detrimental to its business plans and its property rights. Crimes against individuals are considered less heinous than crimes against the state. Murder, unless the victim happens to be an official, is punished by up to ten years' "restriction of liberty," with frequent permission to go home on parole. Destruction or theft of state property, on the other hand, may, and frequently does, involve the death penalty. This departure from Western concepts of crime is explained by the ideas underlying the Soviet state.

ADMINISTRATIVE CONTROL

Administrative control of the economic and financial activities of the state is vested in the Council of Labor and Defense (STO), an inter-departmental group responsible directly to the Council of People's Commissars. The STO was organized from the old Council of Defense, the inter-departmental war cabinet, and was granted executive and legislative powers. Its members, trusted Communists of long standing, are the holders of the key positions in the Soviet economic system.

The STO is the unifying organization at the apex of the pyramid. It originates the general economic plan, holds the "commanding heights," and through its subsidiary organs controls the entire economic activity of the Soviet system. Its decisions automatically become laws, binding on both central and local authorities, unless they are protested by individual members of the Council of People's Commissars, or by representatives of the republics in the præsidium of the Central Executive Committee.

The most important of the commissions through which the STO operates is the State Planning Commission (Gosplan). Although without direct executive or legislative power, the Gosplan has become the key control of the economic system. Created in 1921, it grew out of the Electrification Planning Commission. Its instructions were to work out means of coördinating industry so as to eliminate competition and waste. This rôle was soon enlarged to include planning in finance, trade, credit and marketing. In 1926 the STO ordered all the commissariats to coöperate with the Gosplan by submitting all information demanded, and by observing the "strictest discipline in carrying out the plan." In January 1927 the Gosplan began work on the first Five Year Plan. It was proposed that each year thereafter this economic prospectus should be made for the succeeding five years.

The chief handicap in planning is the unreliability of agricultural statistics. The sown area is calculated from information furnished by the peasants themselves, who intentionally or unintentionally give wrong figures. Data are collected from about one million peasant families, one twenty-fifth of the total number; for the rest, estimates are made. To the peasant returns is added an "unaccounted sown area," sometimes as high as 25 percent of the whole. Miscalculation arises also from the necessity to set the "control figures" for the ensuing year before the results of the current year are known. The figures for 1927–28 were made out in the summer of 1927, when the crop was only estimated and when the output of industry was known for only eight months.

Natural calamities and unforeseen changes of policy cause even greater upsets in the calculations. The 1927–28 plan was first published on September 9, 1927. In December 1927 the party opened the "Socialistic Offensive" on the capitalistic elements of agriculture and trade. Crop failure had reduced the grain supply and the offensive caused the peasants to hide grain. As grain ceased to be available for export, the foreign trade balance for 1927–28 showed not an excess of exports but an excess of imports of 161 million rubles (ruble equals $.5146). At the same time the agricultural tax yielded 48 million rubles less than was expected. And because of the suppression of 90,000 private trade-units at a faster rate than was contemplated in the plan, the revenue from the trade-industrial tax fell 102 million rubles short of the estimate. On the other hand, other revenues, and industrial production, exceeded the plan figures.

Even the short experience of the Soviet Government with state planning demonstrates the fact that economic planning must be coördinated with political policy.

THE FINANCIAL PLAN

The economic control described above is exercised to "mobilize" the internal accumulations and reserves of the entire country according to a financial plan first worked out in 1928. Before examining the general financing scheme we should note two features of the Soviet system — the policy of price-fixing, and the redistribution of the national income by means of the budget.

Let us first consider the Communist method of fixing prices. Besides its many functions in administering the foreign trade monopoly and in controlling the domestic market through the state monopoly of wholesale supply, the Commissariat of Trade (Narkomtorg) employs a trained personnel to fix the prices to be paid for agricultural products which are collected and for industrial commodities which are distributed. This function of price fixing gives the state enormous power in favoring one economic group against another, or one region against another.

On the basis of data gathered in different regions the Narkomtorg computes the amount a peasant should receive in order that he will feel it worth while to produce. Data are collected also on the quantity and kinds of products he is likely to produce. From these two sets of data the Narkomtorg calculates minimum prices, that is, the lowest at which the peasant is likely to sell in order to get supplies for his family. The Narkomtorg also calculates the maximum prices industry can afford to pay for such products, using as the basis the estimated costs of reworking raw materials. Workers' budgets are taken into consideration, and in the case of products which are exported as well as consumed at home the calculation also takes account of world prices. In other words, the prices actually fixed for agricultural products represent a compromise between the peasants' demand for high prices and the demand of industry and town workers for low prices, with due regard for world prices when necessary.

Prices are fixed by the Narkomtorg for large areas, sometimes for whole republics. The governments of the republics may raise or lower by 10 percent the prices fixed by Moscow for their areas, to meet local conditions. But they must maintain the average fixed for their areas. Price violation is punishable.

Price fixing is directed, among other things, toward state planning in agriculture. Thus the Narkomtorg manipulates prices in order to make it more profitable to grow the kind of crops desired — for instance, wheat rather than rye, or flax rather than potatoes. If there has been over-production of sugar the prices on sugar beets are lowered in advance so that the peasants will grow other products.

In recent years the Narkomtorg has promoted the contract system, which is looked upon as a half-way step to collectivism. The peasant agrees to grow a certain amount of raw products, and receives an advance payment in the spring. The remainder is paid, at prices fixed in advance, when he makes delivery in the autumn. As the system develops it is expected that agricultural production will take on the semblance of an organized plan.

The Narkomtorg also fixes the price norms at which industrial trusts and the syndicates must sell manufactured goods to the central trading organs, also the trade surcharges permissible at each stage in the distribution system. Disputes as to the "freeing," or factory, prices between the Supreme Economic Council, representing the producers, and the Narkomtorg, representing the consumers, are referred to the STO for arbitration.

Except for a certain amount of handicraft wares the state controls almost the entire supply of industrial commodities. Nearly 100 percent of the marketable grain and more than 80 percent of the other marketable agricultural products are collected by state agencies and coöperatives. Tax pressure, and political and social pressure, force the peasant to sell his grain, meat, flax, butter, eggs, wool, etc., at prices fixed by the state. In many instances these prices are unquestionably lower than those he would receive were there an open market.

Since 1928 agricultural retail prices have been rising rapidly. But the peasant derives no advantage from high retail prices caused by a scarcity of his products or by the high costs of distributing them. He is, however, greatly affected by the spread between the prices the Government pays him for his products and the price he, in turn, must pay for industrial retail commodities.

Considering the 1913 price level as 100, we may note that industrial retail prices dropped from 210 in 1926–27 to 203 in 1928–29, whereas agricultural collecting prices rose from 156.6 to 170.3 during the same period. In other words, the Soviet Government has reduced this spread, the cause of agrarian crises,

from 53.4 to 32.7 in three years. It should be noted, however, that many of the industrial retail goods quoted in the price lists are not available to the peasants at any price because of the goods shortage.

The mechanism of fixed prices is considered in Moscow a proper instrument to insure accumulations to socialized industry and to curb the speculation inherent in a condition of goods shortage. The 1929–30 plan calls for a reduction of costs in industry by 11 percent, and a reduction of industrial wholesale prices by 3.5 percent, the combination being designed to increase the ratio of profits in industry. And while there is a certain mystery in the operation of price control, its functions are admitted, and even proclaimed as evidence of the superiority of the Soviet system during the period of transition to socialism.

Now let us consider the Communist method of using the budget to redistribute national income. The single state budget, which incorporates the budgets of the central government and of the governments of the several republics, is prepared by the Commissariat of Finance and ratified by the Central Executive Committee. It must be approved by the Gosplan to insure its conformity to the general economic plan, of which it forms an integral part.

The three sources of state income are taxation, non-tax revenue, and state internal loans.

Taxes were restored with the shift from Military Communism to the New Economic Policy in 1921, and now yield more than two-thirds of the state revenue in the net budget.

In view of the fact that all land in theory belongs to the state, there is no land tax as the term is understood in America. In the place of such a tax and of all other direct taxes, the Russian peasant pays a tax on his estimated, not his real, income from land, live stock and other means of production.

This agricultural tax bears a frankly class character. The policy is to exempt the poor peasants and to take as much as possible from the prosperous. On the tenth anniversary of the revolution, in 1927, the number of peasants exempted entirely from the agricultural tax was raised from 23.5 percent to 35 percent. Of the remainder, the middle peasants (53 percent of the total households) pay 39 percent of the tax; the kulaks (12 percent of the households) pay the other 61 percent.

Another change in the application of the agricultural tax,

begun in 1929, was the deduction of 20 rubles per "mouth" from the estimated taxable income of a peasant household. This measure was designed to arrest the tendency of peasant families to subdivide their holdings in order to escape taxation entirely. For in the mind of peasants everywhere taxation is unjustified oppression; and in Russia, where winning the peasants to acceptance of the Soviet régime is considered essential to the success of planned economy, this attitude is of particular importance.

In estimating a household's income the tax collector is guided by norms established for the district in which it is situated. The tax rate varies, by region and class status, from 7 percent on incomes below 100 rubles a year to sometimes as much as 30 percent on those above 600 rubles. As an example of the method of calculating the agricultural tax, consider the case of an average kulak (or prosperous) household of six members with sources of income evaluated by the following norms of income per unit:

10 dessiatines (27 acres) of sown land	50	rubles per dessiatine
⅛ " (.34 ") of garden	240	" " "
2 " (5.4 ") of hayfield	16	" " "
2 horses	25	" each
2 cows	20	" "
5 pigs	6	" "
8 sheep	2	" "

At the local income norms, the tax collector estimates the agricultural income of this kulak family at 698 rubles. The family also runs a cooperage, the income from which the tax collector estimates to be 300 rubles; but the Executive Committee of the province has ruled that only 50 percent of the income from cooperages should be considered as taxable. Another local ruling calls for a 10 percent addition to the estimated taxable income from agriculture when the total taxable income, including all items, exceeds 800 rubles. The tax collector thus arrives at the following:

Income from agriculture	698	rubles
Additional 10 percent	69.80	"
50 percent of income from cooperage	150	"
	917.80	"
Deduction of 20 rubles per "mouth"	120	"
Estimated total taxable income	797.80	"

According to the graduated scale, the tax to be paid by this kulak

(prosperous) household is 180.15 rubles, or nearly one-fourth of the estimated taxable income. The American farmer would not be very happy if his income were about four hundred dollars, and if he had to pay a quarter of it in taxes.

For computing the trade-industrial tax, enterprises are divided into sixteen categories, based on their importance to national economy. The percentage of the turnover levied is smallest for the enterprises most necessary to the state. Heavy industry (primary goods) pays less tax than light industry (consumers' goods), and state and coöperative enterprises pay less than private ones. These percentages range from 1.6 percent in the first category to 17.15 percent in the sixteenth. Coöperative societies with a turnover of less than 20,000 rubles and certain organizations which the state wishes to favor, including social and cultural institutions, are exempt.

There is also the familiar income tax, which as elsewhere is used as a means of redistributing wealth. The difference is that in Soviet Russia the tax is graduated not only in proportion to income, but also with regard to social groupings which reveal the nature of the Soviet system. Three categories of personal income are established: 1. Incomes from wages, salaries, literary work, or from labor performed as members of coöperative societies which do not distribute their profits to shareholders. 2. Incomes from labor other than those included in the first category, *i.e.*, from handicraft and industrial enterprises in which the number of hired workers does not exceed three, and from such enterprises which are exempt from the trade-industrial tax. 3. Incomes of trade and industrial enterprises which are excluded from the first two categories, and incomes from capital, *i.e.*, interest-bearing bonds. Private juridical persons are taxed according to this category. Income tax exemptions vary according to zones of residence, *i.e.*, incomes under 900–1,200 rubles are exempt in the first category; and under 500–800 rubles in the second and third categories. Educational and scientific institutions, mutual credit societies, some coöperative societies, and peasants who have paid the single agricultural tax are entirely exempt. The graduated income tax rates range from 0.7 percent on 1,000 rubles in the first category to 39.5 percent on 25,000 rubles in the third. Additions to the income tax of from 25 to 50 percent are made by local governments (counties, cities and villages). The incomes of state and coöperative enterprises, in general, are taxed 8 percent by the

state. The amount of this tax is increased by one quarter for the local governments, making 10 percent in all.

The excess profits tax applies especially to private traders, to certain concessions, and to those branches of private industry which rework raw materials for which there is a need in state industry.

Indirect taxes yield more than half the total revenue from taxation. Of these the vodka excise is still the most important, bringing in nearly a billion rubles in 1928–29. Customs duties supplement the foreign trade monopoly in protecting Russian industries, but contribute comparatively small revenue, as most of the state-owned imports are exempt.

The state's second source of income is the non-tax revenues, which are rents from state property and profits from state enterprises.

The third source of state revenue is the state internal loans. During the period of currency reform (1922–1924), the Soviet Government resorted to compulsory loans in order to avoid inflation and excessive taxation. Not only were private traders compelled to subscribe, but workers and employees were to a certain extent compelled to accept bonds in lieu of wages. As financial conditions improved, the government stopped the practice. The new method of loan flotation involves efforts to obtain subscriptions by groups, as well as from individuals and institutions, and permits payment by installment. In theory there is no compulsion to subscribe, but the trade unions, house committees, local Soviets, etc., exert social pressure on their members, and subscription is considered a duty.

In Soviet Russia there are no commercial stocks and bonds in the American sense. There are no shares in private enterprise. Shares of the state joint companies are held by the state. Shares of joint companies, owned in part by the state and in part by private persons, cannot be bought or sold. But over 80 million subscribers hold state loan obligations. Since the year 1925 state industry has been financed largely by this means. The official attitude is that funds for industrial development can better be obtained from loans than from extensive increases in taxation.

State internal loans are divided into three groups: 1. Loans intended for subscription by the population generally, workers, employees, peasants, and well-to-do classes. These are usually in

the form of lotteries. 2. Loans intended for subscription by industrial, trade, insurance, and other organizations, such as savings banks. These are interest-bearing loans, which comprise about one-half of the present outstanding internal state debt. 3. Loans issued by other bodies, but guaranteed by the government. Often these do not appear as state loans.

The total state debt arising from loans has increased from 366.7 million rubles on October 1, 1925, to 2,148.8 million on September 1, 1929. This indicates the importance of state loans in the scheme for financing industrialization.

Soviet economists use the figures of the combined net budget to estimate the redistribution of wealth each year and, in particular, the flow of funds from the private sector into the socialized economy. The combined budget includes both the single state budget and the local budgets. Items of revenue not figuring in the redistribution of the national income — such as the turnover items of transport and communications, of certain municipal institutions, and of forests and reserves — are omitted from the reckoning. The total revenues realized in this combined net budget in 1928–29 were 7,410.5 million rubles, or one fourth the aggregate national income of 28,534 million rubles. Included in these revenues were: 4,283.7 million rubles from taxes; 1,055.6 million from non-tax revenue; and 777.9 million from state loans. The total expenditure assigned was 7,251.1 million rubles, including: 1,716.0 million for administration and defense; 3,352.3 million for financing national economy; 1,484.8 million for social-cultural needs (education, health, social insurance); and 288.3 million for service on state loans.

The combined net budget realized in 1927–28 was 6,131.9 million rubles. According to the data of the Commissariat of Finance, the private sector paid 72.2 percent of this total sum, and received 5 percent of the expenditure. The socialized sector contributed 27.8 percent, and received 95 percent.

The figures of the redistribution of wealth effected through the combined net budget of 1928–29 are not yet available. When the budget was ratified it was estimated that 62.4 percent of the total revenue would be contributed by the private sector, which would receive only 2.8 percent of the expenditure, mostly in the form of pensions, aids to migrating peasants, etc. The socialized sector was expected to contribute 37.6 percent, and to receive 97.2 percent. In the balance, according to the calculations, the

socialized sector was to receive 4,200 million rubles more than it contributed; the private sector 4,109 million less.

All the time that the struggle here briefly described has been in process between the socialized and private sectors, the Soviet Government has been attempting to find the money necessary to finance the industrialization of the country. As was earlier pointed out, the supply of foreign capital available is inadequate, and though the earnings of Soviet economic enterprises are increasing, they are still insufficient to finance the proposed expansion. Resort is therefore had to a continuous redistribution of the total national income. This process of "pumping" capital from private sources into socialized economy is considered the social-economic rôle of the Soviet budget system. The private share in the total national income dropped from 54.5 percent in 1926–27 to 46.8 percent in 1928–29. Its further reduction to 38.6 percent is one of the features of the plan for 1929–30. These figures indicate the success of the "pumping" process, from the government's point of view.

It should be noted, however, that the budget is also used to pour funds from one branch of economy into another (*i.e.*, agriculture into industry); from one sphere of economy into another of the same branch (*i.e.*, light industry and the production of consumers' goods into heavy industry and the production of means of production); from one region into another (*i.e.*, from the more prosperous districts into the backward lands of Central Asia); and from the bourgeois, kulak and private trader classes into the proletariat class, by expenditures on social-cultural benefits from which the former classes are more or less excluded. This last function of the budget is considered one of the chief means of effecting the social transformation which is the ultimate objective of the revolution.

Now we are prepared to examine the general financial scheme. As typical of the method of financing industrialization under the Five Year Plan we may take the financial plan in the realized figures of 1928–29 and in the estimates for 1929–30 as recently adopted in Moscow. The financial plan describes the work and contributions to the revenue by the many state instruments, the budget system, the credit system and savings banks, the state and social insurance organizations, the state economic enterprises, the trade unions and the coöperatives. To these should be added the price control, though its contribution cannot be measured.

For the purposes of this article it is necessary to note not the contributing agencies in the financial plan, but the ultimate sources of income and the ultimate recipients of expenditure.

ULTIMATE SOURCES OF INCOME

(*In millions of rubles*)

	1928-29	Percent of total	1929-30	Percent of total
Taxes	4,205.6	34.5	5,667.6	31.2
Profits of economic enterprises	3,797.0	31.2	6,663.4	36.6
Attracted funds (borrowings, etc.)	1,625.6	13.3	2,590.0	14.2
Insurance funds	1,360.0	11.1	1,657.0	9.0
Currency issue	200.0	1.6	425.0	2.3
Other sources	1,014.2	8.3	1,219.0	6.7
	12,202.4	100.0	18,222.0	100.0

ULTIMATE EXPENDITURE

Administration and defense	1,637.4	13.4	1,864.0	10.2
Financing national economy [1]	6,646.1	54.5	11,119.5	61.0
Social-culture needs	3,034.7	24.9	4,152.2	22.8
Other expenditures	884.2	7.2	1,086.3	6.0
	12,202.4	100.0	18,222.0	100.0

It should be noted that the above financial plan of the first two years of the Five Year Plan is distinct from, but inclusive of, the combined budget. For instance, profits of economic enterprises realized in 1928–29 are given as 3,797.0 million rubles, which includes 1,055.6 million rubles profits and rents in the non-tax revenues of the combined net budget, and the profits and returns of autonomous enterprises and institutions under state control, but not figuring in the budget. The sum total of 18 billion rubles, estimated as the amount to be available for financing industrialization in 1929–30, is a 50 percent increase over last year, and will, if realized, constitute 53 percent of the estimated national income.

These staggering figures can be challenged by economists, but there is no way to check either the underlying data or the resulting statistics. As remarked before, the factors involved in socialistic calculation continue to be an unknown quantity x so far as

[1] In addition to the sums noted under financing national economy it is estimated that the population and enterprises invested 450 million rubles in agriculture last year, which figure is expected to double in 1929-30.

foreign observers are concerned. It has been the writer's experience, however, that statistics prepared by the Commissariat of Finance represent profound study, and compare favorably in accuracy with those prepared by similar institutions in most other countries. Soviet statistics are nowhere subject to such searching scrutiny as in Russia itself, and in the last five years the development of "planning discipline" has come to involve a penalty for overestimation by the lower units of the economic system. The opponents of faster industrialization within the Communist Party lost their political heads not because they questioned the statistics of already realized increase, but because they attempted to prove that the cost would be too great.

CONCLUSION

There is no doubt that the Soviet Government, in undertaking the Five Year Plan, has been influenced by the feverish "bull market" in Soviet industry. The economic profits of the next few years may be greatly overestimated, yet there are reasons for believing that it will not prove impossible to finance industrialization from internal sources without much aid from foreign capital. Take just one item. The total national income, which amounted to 25 billion rubles in 1927–28, was increased by nearly four billions in 1928–29. The increase expected in 1929–30 is six billions, which would make 40 percent of the five year program fulfilled in two years.

Such limited pessimism regarding the Five Year Plan as exists in Moscow concerns the difficulties of procuring adequate building materials and sufficient skilled workmen, technicians and engineers to direct the economic expansion. The actual financing of the gigantic scheme causes less questioning; the resources of the country are exceptionally rich and varied, and the system of economic control permits the state to "mobilize" well over half of the accumulations and reserves. Such a process would be impossible in countries where private property is sacred and where the private stocking is a safe and legal receptacle for savings. It is believed that when the private sector is exhausted as a source of funds the profits of the socialized sector will permit it to carry on by its own momentum.

The Russian people have no alternative to industrialization but continued economic backwardness. The population increases at the rate of three million a year, and the old economy, resting

on unscientific agriculture, could not meet present demands for ordinary necessities or furnish the needed employment. In driving the population to industrialization the Soviet Government is consciously sacrificing the welfare of the present generation to that of the next. Its chosen instrument is the Five Year Plan. Under its provisions the Russian nation is stripped to the waist, paying for economic isolation and unprogressiveness in the past, and trying to work out its future economic salvation.

One may nevertheless wonder if, in eliminating so many of the "et ceteras" of life for the sake of industrial development, the Soviet Government is risking too great a sacrifice of humanity itself. The population is on iron rations, has in general an insufficiency of clothing, and lives in discomfort in crowded houses. Although the health of the workers is carefully watched, and clinics and ambulatoria are provided by social insurance, there has been a significant increase of neurasthenia. Should the Five Year Plan, however successfully financed, lower the national resistance to disease, the losses might outweigh the gains. Or should the new generation, for which the welfare of the present one is sacrificed, become a collective society of dehumanized robots, the price of industrialization might prove exorbitant — even with socialism achieved and thrown in.

MASARYK

By Paul Miliukov

IT is not extraordinary — not rare even, in our democratic era — for a man of modest conditons to become cabinet minister or head of the state. But the case of Thomas Garrigue Masaryk, President of the Czechoslovak Republic, who will celebrate his eightieth birthday about the time these lines appear in print, is unique. The son of a coachman on an imperial estate in Moravia, then an apprentice to a locksmith and later at a blacksmith's shop, a teacher whose extraordinary capacities led to his becoming university professor at Vienna and then at Prague, deputy and leader of a small fraction in the Austrian parliament, a refugee during the years of the Great War, and finally the founder of a new state and its first President — this bare outline of his career is enough to show why President Masaryk's portrait hangs among the foremost of all in the gallery of contemporary history, and why it has already become a matter of legend. Comparing himself with Beneš, his young supporter, he wrote in his memoirs:[1] "For both of us it was good that we had led what is called a 'hard life.' We had made our own way, worked ourselves up from poverty, which means acquiring practical experience, energy and boldness." But of course this is far from explaining how Masaryk became what he is — a sort of Solon or Lycurgus to his people. It shows the method but it does not show the leading idea which through all the activity of his long life he pursued and in the end accomplished, the leading idea which gave his work wonderful unity and harmony. He had the rare happiness to work for the regeneration of his country and to achieve its independence without having to sacrifice a jot of his lofty ideals, nay, even to see them, through his personal influence, embodied in concrete and lasting form.

Even to an extraordinary man like Masaryk his task may well have appeared hopeless. A conjunction of exceptionally favorable circumstances was needed to bring the scheme to completion. This was furnished by the World War. But there also was needed a man who would see and grasp the possibilities of the moment, who could combine a feeling for the strivings of his people with an understanding of the needs and aspirations of Europe. It was

[1] "The Making of a State," New York: Frederick A. Stokes, 1927.

good both for his country and for Europe that Masaryk was in the right place just when and where such a man was needed.

Masaryk was steeped in the traditions and history of his people. But he knew how to make them accord with international ideas and aspirations. There had been moments in Bohemian history when European questions were at stake. One such was the preaching of Luther's predecessor, John Huss, and the long struggle for liberty of conscience which followed his martyrdom (he was burnt at the stake in 1415). It exercised a great influence on the founder of the Union of Bohemian Brethren, Peter Chelčicky; on the national King and hero, George of Podĕbrad; and on the renowned pedagogical writer, Comenius, a leader in the struggle against foreign domination as well as against pedantry in education. These all in turn became Masaryk's models. At the same time he ardently combated the forged nationalistic legends which tended to support Czech chauvinism. "It is a deliberate and discerning love of our nation that appeals to me," he used to say, "not the indiscriminate love that assumes everything to be right and righteous merely because it bears a 'national' label." He also objected to "theocracy," which he found to be the opposite to democracy. At the same time he wished to preserve the religious feeling in its modern form of morality. "No state or policy can prosper unless the groundwork be moral. . . . The ethical basis of all politics is humanity, and humanity is an international program."

Religious feeling is the most prominent feature of Masaryk's personality, but it is the kind of religion in a philosophical setting which Schiller spoke about in his little verse "My Creed." "What is the religion you belong to? Neither of those you mention. But why? For the sake of religion." Masaryk has always been attracted by every new attempt at religious teaching. Twice he went to Russia in order to have a talk with Leo Tolstoy, and he was deeply interested in Dostoievski's effort to regenerate the religious feeling among the Russian intelligentsia. But he does not accept "Tolstoism," and to Dostoievski he opposes Hume and Kant, whose philosophy he rates more highly because they give preference to reason and to scientific conscience above blind instinct. "Russia is the infancy of Europe" — such is the conclusion of his deep study of Russian thought and feeling.

An ethical disposition of mind permits Masaryk to keep outside merely political strife. A group of his followers are called "Real-

ists," but their tendency is more philosophical than political. The "realism" of Masaryk is an attempt to find a synthesis between extreme emotionalism and extreme intellectualism. In explaining in his memoirs why he could not join the party of the Czech Radicals, he says: "I thought we should take part in the Government not merely in order to reform the Constitution, but also to infuse a Czech spirit [which, as we have seen, Masaryk thought to be a religious and moral spirit] into administrative practice. I used to speak of 'unpolitical politics' and always insisted on the moral and educational side of public affairs. Seats in parliament and strictly 'political politics' did not seem to me to make up the whole of the real democracy."

These tendencies in Masaryk enabled him to take broader views of Czech policy than many of his fellow politicians, whom he accused of "parochialism" and "political and educational narrowness." There nevertheless was an intermediate step between the purely Czech standpoint and the larger European standpoint: the point of view of a Slav. Mazaryk often protests that he is a Slav and that he feels like a Slav, but among the other Czech politicans, and even among the Czech masses, he encountered a liking for a "Slav policy" that was not at all to his taste. It was based on a blind faith in Russia as the protector and eventual liberator of the whole of Slavdom. Now in Russia itself this idea was shared only by the conservatives, so that the sincere "Panslavism" of the Czechs was translated in Russia into Russian Slav imperialism. In Russia the idea of liberating Czechoslovakia was connected with the scheme of building up a set of states for secondary members of the Tsarist dynasty — in case, indeed, it happened to be in the Russian interest to have a free Czechoslovakia at all. The Czechs, as Catholics, did not much interest the Russian "Slavophils," whose nationalist theory was based on Orthodoxy. Masaryk here followed in the steps of the Czech journalist Havlíček, who was the first to discover the egotistic and conservative side of Russian official sympathy for the Slavs. He strongly objected to "the Slav messianic theory, as untenable as are the messianic yearnings of Pan-Germans and others." According to him, "deeper knowledge points to a synthesis of culture, to the influence of all nations, Slav and non-Slav, upon each other." The majority of Czech politicians considered this a great heresy.

Towards the other Slav nations, especially those to the south,

Masaryk stood in a very different relationship. From all through Austrian and Balkan Slavdom young men gathered around Masaryk's university chair and drank in the spirit of his philosophical and social teaching. Thus the fame of the "lonely Slovak in Prague," as Herman Bahr called him in 1909, was spread widely over Slav territories. I myself, wherever my wanderings at that time took me, came upon his pupils and disciples. It was especially the young generation that *juravit in verba magistri*. Nevertheless Masaryk himself had in view not so much political federation as spiritual intercourse. "Reciprocity of culture," he said, "depends upon educated circles and educational institutions, not upon government alone"; and the new Slavonic intelligentsia prepared by Masaryk had to work out this kind of intellectual reciprocity.

Of course Masaryk's activity was bound to have some political results in that it served as a connecting link between the Slavs of the Hapsburg Monarchy and the Slav nations which enjoyed political independence. His discovery of Count Aerenthal's forgery of documents in the effort to convict certain Serbo-Croatian leaders of conspiracy with the Serbian Government was known to every Slav, and every Slav thus knew on which side Masaryk was to be found in the coming conflict between Serbia and Austria-Hungary. In his memoirs Masaryk avows that he "began early to waver between loyalty and antagonism to Austria." "In later years," he goes on, "especially after 1907, the better I knew Austria and the Hapsburg dynasty the more was I driven into opposition. This dynasty which in Vienna and in Austria seemed so powerful, was morally and physically degenerate. Thus Austria became for me both a moral and a political problem." Here again the moral argument was decisive.

Finally came the World War. It found Masaryk much better prepared to understand its causes than any other politician in Europe. If not the only one, then certainly he was one of the few to see its deeper meaning and tell it to others. This is why he so rapidly secured such an exceptional influence over important politicians in the great European nations.

Now what was that deeper meaning of the war, and what was Masaryk's contribution to the understanding of it? Let me answer this central question with Masaryk's own words. Referring to his inaugural lecture on October 19, 1915, at the King's College, London, on the subject of "The Problem of Small

Nations in the European Crisis," he writes: "The lecture brought out for the first time the political significance of the zone of small peoples in Europe that lies between the Germans and the Russians. It enabled me to put both the German *Drang nach Osten* and Russian policy in a new light and to show the essential characters of Austria-Hungary and Prussia. In this light, the breaking up of Austria-Hungary by the liberation of her peoples was revealed as the main requirement of the war. Finally, I argued against the fear of the so-called Balkanization of Europe and urged, convincingly I think, that small nations are capable of, and have a right to, independent development as States, each according to its own culture. . . . Henceforth the small peoples and the possibility of their independence were seriously talked and written about. The positive side of the war — reconstruction — came into the foreground, replacing the conception that its object was either defense against the Germanic Powers or their overthrow, and placing the war in its true light as the beginning of the great re-fashioning of Central and Eastern Europe and, indeed, of Europe as a whole."

There may be controversy about these assertions. Some people may still think the "negative" side of the war was just as important as the "positive" side which Masaryk emphasizes. Masaryk knew only too well that the struggle against the policy of "the mailed fist," the war for "right" as against "might," had a positive meaning by itself. As he says, he "had long pondered over war and revolution, for they are the main moral problem." But he was not a "Tolstoian," nor did he share the opinions of Romain Rolland about non-resistance to evil. He also did not approve "a pacifism of the naturally weak and timorous, a pacifism of the terrified and sentimental, and a pacifism of speculators," or that of the "extreme international Socialists." He accepted the western view of the war as "a great fight for freedom and democracy," and on the question of war guilt, while emphasizing the direct guilt of Austria-Hungary, he admitted that German "imperialistic militarism" contributed to make the war inevitable.

On the other hand, one may challenge the Czech claim to have popularized the idea of the right of small nations to independence. But the chapter of Dr. Benes's memoirs in which he describes the propaganda of the "oppressed nationalities" shows how much detailed work was needed to familiarize the leading European

politicians with this Wilsonian idea. The Czechs had first to persuade the Allies that the complete destruction of Austria-Hungary was necessary and inevitable. This was a hard task. Did not even the renowned Czech historian Palacký assert that if Austria had not existed it would have been necessary to invent her? In France this pro-Austrian view was deeply rooted. And of course no responsible diplomatist would engage himself to promote the thesis before military events indicated that it was a practicable one. Yet by 1918 the principle of the liberation of "oppressed nationalities" had been worked up into an official doctrine of the right of peoples to dispose of themselves, and this doctrine (as Dr. Beneš testifies) was accepted by the Allies as "so natural, justified and necessary that one was rather astonished to see it subject to doubt." The Rome Congress of April 1918, at which all the oppressed nationalities of Austria-Hungary agreed on a common program of action, contributed very much to secure general acknowledgment of the idea. It is interesting to note, incidentally, that, in preparing the ground for this Congress, Masaryk and Beneš addressed themselves to intellectuals and scholars rather than to politicians. They tried to influence actual diplomacy through public opinion, and succeeded.

When Masaryk in December 1914 made his decision to emigrate and start his propaganda abroad he was a private man, with no backing except from a small group of friends who worked at home in secret. The responsible Czech politicians were undecided as to what line to take. Most of them hoped for and passively awaited the coming of the Russians to Prague. The utmost that could be expected from them was silence. Money was scarce. And though the popular mood was admirable, and though the Czech soldiers did not wish to fight for Austria and deserted by whole regiments, the masses were not organized and did not understand the situation. The same may be said about the Czech colonies abroad. The colony in Russia, a particularly numerous one, was even hostile to Masaryk. Under these conditions his chance of success seemed small. Benes even heard Masaryk asking himself, in a moment of despair, whether it would not be better for him to go back to Vienna in order to be shot and thus serve the national cause by providing it with a national martyr.

But endurance, patience and an untiring activity had the best of it. The scattered Czech emigrés became a "National Council," and afterwards a government recognized by the Great Powers.

The Czech deserters became the army of that government, and won their first laurels. On October 14, 1918, the National Council from abroad met the Prague National Committee at Geneva, and two weeks later, on the memorable day of October 28, the Austrian power was overthrown smoothly and without bloodshed in Prague. The Czechoslovak Republic was born, with Masaryk as its first President.

All the impulses and conscious actions in Masaryk's life converged in this happy result. Democrat by birth, democrat as a result of his early studies, democrat by his professorial teaching, the chief agent for the spreading of democratic ideas and sentiments among the young generation of Slavs, Masaryk won his war by producing a new democratic conception of war aims.

It was natural, then, for him to turn to the building of his state in the democratic spirit. Czechoslovakia is probably the only new state where there has been no talk of dictatorship. "I defend democracy," Masaryk says in his memoirs, "against dictatorial absolutism, whether the right to dictate be claimed by the proletariat, the state or the church. . . . During my years abroad I thought we should need a temporary dictatorship for our revolution . . . pending the establishment of a constitutional government by regular elections. . . . But things developed otherwise. . . . The dictatorship of the Revolutionary National Committee and of the National Assembly proved sufficient. . . . It had never occurred to me that I might be President. . . . I had conceived my future position as that of a writer and Member of Parliament. . . . I had busied myself with the purely theoretic question whether the presidency of a republic is not a relic of monarchism. . . . Some form of directory would respond more closely to the letter of democratic principle. . . ."

However, Masaryk is conscious of the fact that democracy is still to evolve. "The republic is the form," he says; "democracy is the thing itself." "The form," he adds, "the written constitution, does not always guarantee the substance." And it is to the "substance" that the attention of Masaryk is now directed. "Under Austria, the whole of our education was undemocratic. . . . The difficulty of passing from an aristocratic and monarchical to a democratic system arises from the failure of monarchical aristocracy to accustom citizens to bear responsibility and to take decisions. . . . Our republic has to educate its citizens in democracy."

Masaryk himself gives some indications as to the general direction which he wants that political education to take. First of all, he wishes his people to become aware of the great change that has occurred. "Now that we have won political independence and are masters of our fate," he says, "a policy conceived in the days of our bondage can no longer suffice. Emphasis was then laid upon our linguistic claims. Now our national program must embrace the whole domain of culture." "Nations are the natural organs of mankind. . . . Chauvinism, racial or national intolerance . . . is the foe of nations and of humanity. . . . The more humane we are, the more national we shall be." Masaryk thus wants to terminate the perennial strife between Czechs and Germans in Bohemia. "National character does not depend solely on language," he asserts, "and the national character of our state must be based upon the quality of a comprehensive educational policy, consistently pursued." The Czechs must get rid of their chauvinism and the Germans "must de-Austrianize themselves and get rid of the old habit of mastery and privilege."

Coming to the political institutions of democracy, Masaryk develops his old conception that "institutions by themselves are not enough." "The true reform of Parliament will be effected by reforming the electors, by their own political education and higher morality." Equally important is the reform of "bureaucracy or civil service." "In the Austrian Empire the lowest of the state railway officials lorded it over the public. . . . But under the truly democratic system the highest official is one of the people working for the people." "Democratic foreign policy means peace and freedom all round." Here, as in other branches, "Democracy and the Republic are more than negations of monarchy and absolutism. They are a higher, more positive stage of political development."

It is of course quite impossible to summarize here Masaryk's creative work for his new state. It is sufficient to say that, outside and inside, his personality merges itself with that of Czechoslovakia. One feels sure that as long as Masaryk is there everything will be all right. Happily for his country, his eightieth anniversary finds him as active and alert as always. And happily for us all, the world has in him a living lesson in modern democratic statesmanship.

PHILIPPINE INDEPENDENCE AND PEACE IN THE PACIFIC

By Nicholas Roosevelt

JUST as the transfer of the Philippine Islands from Spain to the United States in 1899 resulted in marked changes in world politics, so the granting of independence to the Philippines now or in the near future would entail international complications in a number of directions. By the acquisition of the Philippines the United States became an Asiatic power, vitally concerned in the political, social and economic developments in the Far East, and, in turn, exercising a profound influence on events in that region. Were the United States to withdraw from the Philippines the political equilibrium that has been established during the last thirty years would be overthrown, forces of revolution would be unleashed, and America's influence in the East would be sharply curtailed.

In order to appreciate the full significance of these assertions it is necessary to bear in mind the fundamental fact that the Philippines form an essential link in the chain of islands lying off the Asiatic coast from Japan to Australia. The northernmost islets of the Philippine group are only about sixty miles from Japanese-owned Formosa, and the southernmost are only about twenty miles from the British and Dutch East Indies. They are scarcely five hundred miles from the coast of China. Although geography's part in determining international relations is better understood now than formerly, its importance in the present instance may appear even clearer if we stop to consider the geographical relationship between the West Indies and the Americas. Most of the West Indian islands are under European or independent control; but it is obvious that any important shift in sovereignty there would be of immediate concern not only to the United States but to all the other Powers having interests in the Caribbean area. When it was believed possible that Germany might buy the Danish West Indies, not only the United States but Great Britain, France, Holland and the Latin American countries as well were afraid of the complications that might arise from this change. Incidentally, the eventual purchase of these islands by the United States caused deep misgivings in South America, much as the transfer of Cuban sovereignty from Spain to the United

States, followed by Cuban independence, had had profound repercussions in the Western Hemisphere.

So would it be in the Far East if there were to be a change of sovereignty in the Philippines. The nations whose territories adjoin the islands — Japan, China, the British Empire, Holland and France — could not but be affected. This would be true whether the Philippines were sold or transferred to some other Power or whether they were set free. Just as the entry of the United States into the Far Eastern political situation had profound influences, so would her withdrawal.

It is not mere chance that the acquisition of the Philippines by the United States was followed by increased American influence in the affairs of the Far East. Despite the "opening up" of Japan and the proselytizing of China, the views of the United States were not regarded by Great Britain, France, Germany and Russia — the four chief Asiatic Powers in 1900 — as deserving of much attention. In fact, the championship of the cause of China against those Powers which sought to dismember her appeared to them somewhat in the light of an impertinence — prior to the acquisition of the Philippines. But in 1900 the fact that the United States had military and naval forces in the Islands made it easy and natural for her to take an important part in the suppression of the so-called "Boxer" uprising in China. Had it not been for this participation she would have had little claim to be heard at the peace table, and her wishes would have been politely ignored. As it was, she was able not only to voice her views, but to prevail on the Powers to be lenient with China.

As a result, the United States was able to take an effective lead in fighting for the territorial integrity of China. The Powers were no more anxious to accept John Hay's interpretation of the "open door" doctrine after 1900 than they had been before, but it was no longer possible to ignore America's demands. The fact that various nations found it convenient to try to use America to support their own selfish policies strengthened rather than weakened America's position. By following the practice of concurrent action when this seemed most expedient, and at other times by acting singly, without the coöperation of the other Powers, the United States was the better able to make herself respected and her policies effective.

Since that day America's influence has steadily grown. In the Far East she has become one of the four dominant Powers. Not

only has she enjoyed the advantages of possessing territory of her own in Far Eastern waters from which she may act to further and protect her missionary, commercial and political interests, but she has had her full measure of that prestige or "face" which still counts for much in the Orient.

As a consequence of this she has become, like Great Britain and Holland whose enormously wealthy possessions in Eastern Asia have long been objects of solicitude, one of the principal factors in maintaining the *status quo* in the Pacific. These three nations are as one in wishing to prevent drastic changes in the political line-up in the Far East. They want international peace and internal tranquillity. Anything which threatens the political *status quo* or which undermines the stability of the governments of the dependent nations in the Orient is of concern to all three Powers. Hence their uneasiness when, in 1915, Japan adopted an aggressive policy in China. Hence the distrust of the anti-European doctrines preached since 1919 by Soviet Russian agents in China, the Dutch East Indies and elsewhere. These things threatened the stability of the Philippines and the other foreign possessions in Eastern Asia. The threats to stability menaced the peace of the Orient. Were that to be seriously disturbed the repercussions throughout the world might well be grave.

During the thirty years that the United States by virtue of possessing the Philippines has been an Asiatic Power, there have been jealousies and, on occasion, fear and distrust among the chief nations of the Pacific. But gradually a balance has been established on the sound basis of mutual forbearance. No single Power may be said to be strong enough to upset this equilibrium so long as the others retain their interests in the situation. In other words, peace is assured while the political *status quo* remains unchanged. But the natural corollary of this is that if any Power were suddenly to withdraw the equilibrium would be upset and at once an unknown and insecure relationship would be substituted for a known and secure one.

The probable results of America's withdrawal from the Philippines may be examined under four heads: 1. The effect on internal conditions in the Philippines; 2. The effect on America's interests in the Pacific; 3. The effect on other peoples under foreign dominion in eastern Asia; 4. The effect on the international equilibrium in the Pacific.

1. When the United States went into the Philippines she

undertook, among other things, to break down the barriers of illiteracy, to eliminate the plagues and diseases which took yearly toll of hundreds of thousands of Filipinos, to lay the economic foundations of a self-supporting state, and to teach the people the rudiments of self-government.

How does performance compare with promise? false

When the United States occupied the Islands about 85 percent of the people were illiterate. Today the percentage of illiteracy is variously estimated to be between 50 and 60. Only about one million out of the total population of 12,000,000 speak English. During the first twenty-eight years of American occupation about 7,000,000 children passed through school age, of whom only about 530,000 finished the primary school. Only about 40 percent of the children of school age are in school today. Less than one out of five of the children who have attended school have gone beyond the fourth grade. The average period in school is less than three years, during which time the children learn little more than in the first grade in American schools. Less than 2 percent of those in school have gone in for agricultural training — and agriculture is the main occupation by which the Filipino people live.

In the matter of public health great strides were made while the health work was under American supervision. Deaths from cholera dropped from about 100,000 in 1900 to 820 in 1915, and deaths from smallpox fell from 40,000 to 276. Then came the Filipinization of the government service and strict American supervision of the health work was relaxed. Deaths from cholera jumped from 820 in 1915 to 17,537 in 1919. Deaths from smallpox rose from 276 to 49,971. The situation was so alarming that the Americans again took hold of the work and by 1924 there were no deaths from cholera and only 6 from smallpox. Two subsequent threats of epidemic were promptly checked by drastic steps on the part of the American executives.

Economically we have done little that is practical to help the Filipinos, other than to build roads. We have neglected inter-island transportation, which is of utmost importance in any archipelago. We have failed to teach the natives the effective use of better seeds and farming methods and have met with only partial success in fighting plant and animal pests. Whenever the supervising hand has been relaxed there has been prompt retrogression.

In matters governmental we have given the Filipinos a consti-

tution much like those of our own states, with the responsibilities divided between the executive, the legislative and the judicial branches. But we have not been able to give them our own background and tradition of self-government. Until a generation ago they were accustomed to despotisms of one sort or another. They have had actual self-government only since the passage of the Jones Bill fourteen years ago. Without in any way casting reflections on the Filipino leaders, is it unkind to suggest that this is but a brief period of practice in the art of modern self-government? In spite of our own experience of a century and a half with representative government we still find great difficulty in administering it effectively.

Even those who do not consider this inexperience a handicap recognize that the greatest difficulties which the politicians would have to face in the event of independence would be of a financial nature. The Filipinos today are paying as high taxes as it seems possible to collect. These revenues, together with the rebate on the internal revenue tax of the United States on tobacco which is paid by the United States Treasury to the Philippine Treasury, cover the actual administration of the civil arm of the government. But they do not pay for the defense of the islands or for the representation of their diplomatic interests abroad. The former item, including the extensive fortifications of Corregidor and the maintenance of military and naval forces, is paid by the United States. The diplomatic and consular interests of the Philippines are cared for by America's foreign service representatives, at America's expense.

It follows, therefore, that the Philippine republic would begin its independent career with the added financial burdens of national defense and representation abroad and would at the same time have to do without the substantial contribution (in the neighborhood of $800,000 annually) which is now received from the rebate on Philippine tobaccos taxed in the United States — a sum which, of course, neither should nor would be presented as a gift to the Philippine Government once the ties with the United States were severed.

Furthermore, the bonded indebtedness of the Philippines has been incurred at a rate of scarcely 4 percent, owing to the fact that the United States Government has guaranteed the bonds. The islands are already heavily indebted. This introduces two complications: first, the cost and procedure of a new refunding

bond issue to replace the bonds which the United States guaranteed; and second, the cost of further fresh flotations. It is clear that the United States could not and would not continue to sponsor the bonds of an independent Philippine republic. It is equally clear that the underwritten bonds at present outstanding could not be refunded at the low rate of their original issue, owing to the withdrawal of America's guarantee. Furthermore, new issues, like the refunding bonds, would have to compete in the open markets of the world without the support of the United States Treasury and so would cost the Philippine Government much more. The net result of these two operations would be a material increase in the budget of the insular government to pay for borrowed money.

As if this were not enough, there is the virtual certainty that Philippine business would suffer severely for years after independence had been granted. It goes without saying that there would be no justification for maintaining the present free trade relations between the United States and the Philippines once the flag was withdrawn. This in itself would be a severe blow to Philippine business. Furthermore, the uncertainty as to the future would for a number of years deter foreign capital from developing the islands. The Filipinos would find, moreover, that they would have to compete with the cheap labor of the Dutch East Indies, China and Japan, and so would no longer have the advantage of the substantial profits which they obtain under the present free trade arrangements. Obviously these changes would still further reduce the revenue-producing capacities of the Filipinos, thus adding to the burdens of the government, which would have as its only recourse extensive and expensive borrowing with which to pyramid its outstanding indebtedness.

It has been assumed that the Filipino leaders would be able to preserve order and tranquillity. This point, however, has been doubted by many keen observers, including the late General Wood, who maintained that stability under the American flag did not *ipso facto* imply stability if that flag were withdrawn. Whatever the ability of the various racial groups in the northern islands to work in harmony — and it must not be overlooked that Tagalogs, Visayans and Ilocanos, to name but three of the chief groups, have heretofore regarded each other with constant jealousy — there seems little doubt that the Moros in the south would revolt against the Filipinos, and would do so successfully. They number

only about 500,000 out of the total population of 12,000,000, but they occupy one of the richest and largest unsettled territories, Mindanao and Sulu. Moro leaders have repeatedly made it plain to Americans that if the United States were to withdraw, the Moros would drive the Filipinos out of Moroland.

2. The effects of American withdrawal on American interests in eastern Asia would be threefold. It would affect her prestige. It would affect her commerce. It would affect her standing as the supporter of Christianity and of democratic ideals and modern education in the Orient.

Of these the first is perhaps the most important in Oriental eyes, and at the same time the most difficult for Americans who have not been in the Orient to understand. The outward trappings of power and the pomp of ceremony have always been dear to Orientals. The mere presence in the Far East of impressive detachments of American warships has been to the Orientals a symbol of the might of the United States. Conversely, when a nation shows an apparent unwillingness to uphold its rights the conclusion of the Oriental is that it is afraid. The contempt of the East for the weak and timid is far greater than our own.

It is a safe assumption, therefore, that America's withdrawal from the Philippines would be regarded as a confession of weakness. As such it would involve a loss of respect for all things American and would encourage those persons who are already inclined to mulct American business men for all that they can get to go the limit in applying illegal taxes — especially in China. In place of respect for American missionaries and teachers there would be a tendency still further to neglect and on occasions to insult them. The actual protection of American lives and properties would become more difficult.

Aside from these reactions on American business the actual losses in direct commerce between the United States and the Philippines and in the cutting off of future supplies would probably be considerable. While it is true that the total trade of the United States with the Philippines today is only about 2 percent of our foreign commerce there is every reason to believe that the Philippines, properly developed under the present system of free trade with the United States, could furnish us with a large share of those tropical materials which today make up almost half of our total imports. By the same token they hold promise of being one of the best markets for American goods in the Orient.

It is not generally realized in this country that only about a third of the arable land in the Philippines is under cultivation, and that much of this is still tilled in a primitive and comparatively unproductive manner. Inasmuch as the soil and climate are as well adapted in the Philippines as in Java for the intensive production of tropical agriculture—and Java is one of the richest and most fertile lands in the world — there is no reason to believe that the Philippines could not, under suitable management, produce almost boundless wealth. Rubber, coffee, sugar and all the plants and trees which have made Java so rich can be grown in the Philippines. It stands to reason that this increased wealth implies an increased buying power, which means in turn a greater demand for all those American products which are already eagerly bought by the Filipinos.

3. Of special concern to the British and the Dutch would be the effect of Philippine independence on the native populations under their control. These include not only the Malays in the Malay peninsula and throughout the East Indies but also the peoples of the Asiatic mainland under British supervision.

Competent observers, Dutch as well as English, assert that the granting of independence to the Filipinos would be followed by serious anti-European agitations which might even take on the form of open revolution. They believe that in India it would strengthen the hands of the Nationalists so much as to increase greatly the task of preserving order.

To understand this we must bear in mind that the peoples of the Orient under alien control keep close watch on the treatment that is being meted out by the different controlling nations. It so happens that the people of the Dutch East Indies as well as those of the Asiatic mainland look down upon the Filipinos as the least important and capable of the Malay tribes. If, therefore, the Filipinos were to be set free by the United States, the other peoples would at once say, "Well, if the Filipinos are good enough to be independent then surely we, who are so much better, should be free. Let us rise and strike off the shackles of the hated European overlords!"

How successful these anti-European movements might be would depend on the ability of the Powers concerned to suppress the uprisings. It is not generally known that twice within the last twelve years there have been serious anti-European outbreaks in the Dutch East Indies, which were so carefully planned that they

took the authorities by surprise. Inasmuch as the example of Philippine independence would be an additional incentive to revolt it is easy to understand why those in authority in the East are worried.

4. Both Great Britain and Holland regard the presence of the United States in the Philippine Islands as a powerful factor making for peace and order throughout the Far East. They dread America's withdrawal, not so much because they believe that any other Power would seize the archipelago immediately, but because of the unsettling effects of the existence of a weak, inexperienced new state, rich in undeveloped lands and under-populated, right at the doors of impoverished and over-populated Asiatic nations against which the Philippines by themselves would be defenseless.

In fact, there is every reason to expect that Philippine independence would at once be used by the British as an argument in favor of enlarging their navy. It is hard to see how even the most anti-English American could controvert such a claim. If the United States were to withdraw from the Philippines the maintenance of the political *status quo* in the insular world between Formosa and Australia would devolve entirely upon Great Britain. The need for the Singapore base would be greater than ever, for Great Britain would no longer be able to count on the presence in Manila of an important contingent of the American fleet, which, by its mere presence, is a force for peace.

That this prospect particularly affects Australia and New Zealand is clear from a reading of the debates in the House of Commons on the Singapore naval base. The people of the two Pacific Commonwealths look on Singapore as their main defense in the Pacific. So also they regard the presence of the American fleet in the Far East as a sort of indirect shield between their own empty lands and the over-populated countries of eastern Asia. The withdrawal of the United States from the Philippines would increase the Dominions' dependence on Great Britain.

To those Americans who have studied the political situation in the Far East one of the most disquieting aspects of the entire problem is the position in which the United States would find herself if independence were granted. It requires but little knowledge of the force of American idealism to realize that if anything went wrong in the Philippines, and they were endangered, the very same American sentimentalists who have for years been

crying "Give them their liberty!" would be the first to demand that the United States step in to help her former wards and to protect them from the "rapaciousness" of alien oppressors. This is the sort of appeal which moves Americans strongly. It flatters their vanity and appeals to their sense of evangelism. They like to think of their country as the rescuer of the down-trodden, the savior of the oppressed.

If the American Government, once it had left the Philippines, were prevailed upon to go to their rescue, it would face the likelihood of a war of appalling consequences. Such a war would involve a vast naval construction program, long and hazardous expeditions to conduct military operations on the other side of the world, the probable mixing in of other powers, the stirring of new resentments among subject peoples of Asia. To the realist, what is most distressing about such a possibility is the virtual certainty that so long as we continue in our present relation these dangers are so remote as to be negligible. To remain is a fair insurance of peace. To withdraw is to invite disaster.

As an alternative it has been suggested that the United States might guarantee the independence of the Philippines, either alone or in company with other Powers, or that the League of Nations might give America a mandate over them. These expedients would put the United States in the very position which she has so long sought to avoid — that of responsibility without authority. It would be only natural for the other Powers to turn to the United States, in the event things went badly in the Philippines, and call on her to step in and right them. Here again the United States would have to interfere under the most unfavorable conditions. Her task would be far harder than is the present one of attempting to help the Filipinos maintain a stable government.

The crux of the matter, then, is that the Philippine Islands are like Mark Twain's white elephant. They are a burden to maintain, but there is no safe and effective way of getting rid of them. Retention — at least for a number of decades — seems the lesser of two evils.

IS A SECOND CANAL NECESSARY?

By John F. Stevens

THE ultimate transit capacity of the Panama Canal will not be reached in the next seventy-five years. This confident forecast is made with an assurance justified by a knowledge of its design, construction and latent possibilities, as well as of its functioning during the fifteen years since it was placed in service. It is a fact that the Canal is not now being operated even to 50 percent of its present capacity.

Descriptions of the Canal have often been published, but some details will be of interest even to readers who are not generally concerned with technicalities. The length of the Canal from ocean to ocean is 50 miles. Its highest water elevation above mean sea level is 87 feet; in other words, that is the average lift and consequent descent which a ship must make in passing through. The elevation of the bottom of the lake channels is 40 feet. The minimum depth of water on the miter sills of the locks is 41 feet, and in the sea level sections is 40 feet. The narrowest parts of the Canal are the locks, and throughout its entire length, excepting in the locks, there is ample room for ships to pass each other. The width of the channel through Galliard Cut is 300 feet, thus providing safe room for the meeting and passing of ships of any present or probable future beam.

There are double (or twin) locks in three steps at Gatun on the Atlantic side, double locks in two steps at Miraflores, and double locks in one step at Pedro Miguel on the Pacific side. The locks are 1,000 feet in length; the lock chambers have a usable length of 1,000 feet and a usable width of 110 feet, and by intermediate movable gates they can be divided into two sections of 650 and 350 feet respectively, permitting lockages of small ships to be made with the minimum loss of water. The average time required for passing a ship through the locks is about fifty minutes, and the average time used in passing from ocean to ocean is about eight hours.

As no occasion has as yet arisen which required the use of the locks to their maximum capacity for the entire twenty-four hours, one can only calculate the full-time capacity of the locks on the basis of shorter periods. A calculation of that sort indicates that 48 passages in twenty-four hours can safely be taken as an aver-

age. Incidentally, it may be noted that on one occasion 57 transits were successfully made in one day. This average, however, is based upon an assumed uniformly spaced time of arrival of ships desiring transit, which does not always occur. Making the necessary allowances, one may say that, to avoid peak delays, 32 transits per twenty-four hours can easily be made. Such peaks, however, are of infrequent occurrence, and an adjustment in tolls might be made in each particular case to compensate ships for delays.

A brief analysis of the actual movements of ships through the Canal for the past few years will enable a fair judgment to be formed as to the truth or falsity of the oft-repeated and vociferous claims that traffic at Panama is increasing by "leaps and bounds" and is rapidly reaching the point of saturation.

The great increase in the number of transits through the Canal between the years of 1919 and 1923 was largely caused by the readjustment of trade routes dislocated by the war, which readjustment required several years to accomplish and should, therefore, not be used in the determination of averages. During 1924 there were 26,994,710 tons of commercial traffic carried through the Canal in 5,230 ships. During 1929 there were 30,663,000 tons of such traffic carried in 6,413 ships. The increases in a period of six years were not at a uniformly accelerating rate, as 1925 showed a substantial decrease in both tonnage and transits, and 1929 a slight decrease in the number of transits and a small increase in tonnage as compared with 1928.

The largest amount of tonnage passed in any one year was 30,663,006 in 1929. During the past six years — years during which our own and all world-wide trade has expanded at a record rate — the increase of tonnage through the Canal has been only 3,668,296 tons, or 13.6 percent, an average increase of only 2.27 percent a year. In this connection we must remember that the true measure of the capacity of a canal is not the amount of tonnage, but the number of transits which it can regularly provide for in any given period. The increase in the number of transits during the six-year period has been 1,183, or 22.6 percent, an average of only 3.8 percent a year. The monthly average during 1928 was 538; during 1929 it was 534. The daily average of commercial transits for 1929 was 17.57; for 1928 it was 17.60. There has been no great increase in the number of these transits for the past three years, the daily average being less than 17. It would

appear, therefore, that the alleged "leaping and bounding" of traffic is purely imaginary.

Applying the same percentage of increase in the number of transits that has prevailed during the past six years to the coming years, in six-year periods, it will be found that not until 1960 will the calculated limit of 48 daily transits be reached, and such a forecast assumes that the past phenomenal increase in general business will continue, which assumption is not a safe one. It also ignores the certainty that larger ships mean heavier loading, with a relative reduction in the number of transits per unit of cargo.

The increases in the number of transits during the period from 1920 to 1924 were almost wholly caused by the large number of oil tankers, and the slowing down in the rate of increase since then has been occasioned by the development of oil fields on the Atlantic coast; the product of these fields does not pass through the Canal. Whether the lost oil traffic will ever return cannot safely be predicted; in any case, the hope of its return is an absolutely unsafe basis upon which to predicate an increase in the present rate of traffic. If it does come back the Panama Canal can take care of it.

Taking the entire number of transits, toll and free, for 1929, which were 7,029, a daily average of 19.26, we may note that even at infrequent peak occasions the present Canal would be worked only to 60 percent of its calculated limit, and under usual conditions of arrivals of ships, only to 40 percent. Only at times when a lock is out of commission for the purpose of being reconditioned, which occurs once every four years, is that particular lock (or rather, its double) operated for twenty-four hours; otherwise there has as yet been no occasion when press of traffic necessitated the operation of the Canal or any part of it for more than sixteen hours. Let me repeat, then, that the Canal is not being operated up to 50 percent of its present capacity.

The Spooner Act, under which the Canal was planned and constructed, directed that it should be of dimensions sufficiently large to pass any ship then afloat, or any that might be reasonably expected in the future. The Canal has already passed successfully and expeditiously the largest ship afloat, and only once has the limit of the locks been reached, when a United States plane carrier was passed through the locks with some inches to spare. As the inevitable tendency is to build everything larger, it is reasonably certain that larger ships, with increased width of

beam, will appear and call for passage, but this demand can be met at Panama.

When the Canal was planned provision was made for room to install an additional set of locks alongside the present double installation, making each group triple, instead of double as at present. The length of locks is practically unlimited, and it is certain that, mechanically, new locks can be built and operated to handle the larger ships. The apparently inexhaustible capacity and flexibility of electricity as a means of supplying power for mechanical purposes has made quite simple the solution of problems which in the past have handicapped our mechanical engineers.

The installation of the new locks, together with some mechanical improvements, would increase the capacity of the Canal at least 75 percent. That places the date of "saturation" too far in the distant future for us to be warranted in making predictions or calculations.

It would even be practicable to install a fourth line of locks for the use of small vessels, but such a proposition, like that to change the present lock canal to one of a sea-level type, can be left for later generations to consider and deal with.

The cost of installing the triple locks has not been estimated, but a rough guess puts it at from seventy-five to one hundred million dollars. The length of time required for their construction would depend upon the urgency with which they were needed and also upon the size of the yearly appropriations which Congress might authorize. The work of installation ought to be complete when the daily average lockages (with the present facilities) reach an average of 32. Unless the lockages increase much faster than they have for the past few years, the work of installing the additional locks need not be initiated for years to come. It is safe to predict that the cost of the triple locks, including that of an additional water supply, would not be more than one-sixth the cost of a second canal, built elsewhere.

No occasion has yet arisen when the operation of the Canal has been hampered or even threatened by lack of water for lockage purposes; but an unusually light rainfall during the wet season, followed by an abnormally long dry season, would probably bring the water supply too low to be comfortable. Plans for providing ample additional reserves of water were made before the Canal was built. The storage capacity of a dam to be constructed at

Alhajuela, some miles up the Chagres River from Gatun Lake, will so increase the available supply that fears of a shortage will be laid for practically all time to come. The cost of the dam, with its appurtenances such as highway, railway, hydroelectric generating plant, and housing, is estimated at $12,000,000 and the time necessary for its construction is put at six years, though this could probably be cut if urgency demanded and if Congressional appropriations were forthcoming. Congress has already appropriated some funds for preliminary work, which is now in progress.

Meanwhile, in case of threatened shortage of water, the supply can be conserved by closing down the hydroelectric plant at Gatun Dam and using the Diesel installation at Miraflores to generate electricity. Lake Gatun can safely be drawn down enough to augment the Canal's water supply to the amount necessary. In fact, no anxiety need be entertained as to the water supply of the Canal, and the situation is explained here for the reason that periodically reports go forth that a shortage of water is imminent at Panama. Such reports are as baseless as are those of traffic congestion.

A mass of reliable data could be given to substantiate the assertions as to the certain, safe and working capacity of the Panama Canal. Plans, records and statistics are available, and are public property. Any person accustomed to the use of ordinary business figures can investigate, and if he does so in an unbiased manner he can come to but one conclusion, namely that the constantly recurring reports of congestion of traffic at the Canal are without any foundation in fact. The Canal's present yearly capacity is more than double the maximum tonnage which it has carried; and as its ultimate capacity is more than one hundred million tons yearly it will — as far as human foresight can judge — be capable of handling all the traffic for seventy-five and possibly a hundred years to come.

Compare the transit figures given with those for the three American "Soo" locks in use at the outlet of Lake Superior. These three locks during the open season of 1929 handled a total number of 19,793 vessels, or an average of 80 each day. They passed, during the 245 days they were in service, 92,622,000 tons of cargo. Of course many of these vessels were comparatively small, and it is equally true that the chief commodities carried — coal, iron ore and grain — load heavily. At the same time, the

locks were in operation but 67 percent of the year (instead of 100 percent, as at Panama) and it is claimed that they are not worked to their full capacity even while in service. They carry more tonnage in eight months than crosses the North Atlantic in twelve months. They carry 50 percent more tonnage in eight months than the total tonnage carried in twelve months by the Panama and Suez Canals combined. But with the installation of the triple locks, the Panama Canal will have a larger carrying capacity than has the present "Soo" Canal.

The general public visions the Panama Canal as a huge money-making machine; but considered as a strictly business undertaking, divested of theory and sentiment, it is not. The error in the public mind is occasioned by the fact that the figures given in government reports do not tell the whole story and do not paint the picture as it really exists. The above statement rests solely upon a commercial basis, eliminating any theoretical money benefit which might accrue to the United States by reason of the Canal being considered as an asset to the national defense of the country in time of war. In the minds of some it is a moot question whether in such an event the Canal would not be a weakness rather than an element of strength. But this is a question which cannot be settled by theory, but only by actual experience.

The government allocated $113,000,000 of the reported original total cost of the Canal to national defense. There remains a capital investment, for purely commercial purposes, of $273,000,000. The annual interest charge on this sum, at 4 percent, is $10,920,000, which is not included in the liabilities as reported.

From the report of the Governor of the Canal Zone for the fiscal year 1929 we learn that the net (presumably the operating) profits of the Canal, including those of its auxiliary appendages such as the Panama Railroad, were in round figures $20,162,000 (about 2 percent less than in 1928); but, states the report, "Considering the capital invested and accumulated interest on the investment, the present total capital liability is such that the Canal is not as yet earning the annual interest charge at 4 percent, the current borrowing rate of the Treasury of the United States." This is not the whole story.

The United States paid Colombia $25,000,000 as compensation for that country's claim of equity in the Canal Zone. It paid $25,000,000 for the Virgin Islands, avowedly to secure another outpost to add to the security of the Canal. By these two moves it

has incurred a further capital charge of $50,000,000, with an annual interest charge of $2,000,000, which does not appear in the published reports of Canal finances. Altogether, the omitted interest charges would reduce the reported profit of $20,162,000 to $7,242,000, or about 2.7 percent even on the $273,000,000 of reported capital investment. On the whole this is a surprisingly good figure in view of the usual result of governmental business operations.

But there is some further figuring to be done. Since the opening of the Canal, for example, many millions of dollars have been spent in improvements, equipment, etc., which are properly chargeable to capital account, and which are not included in that account as reported. If included, the percentage of profit would approach the vanishing point.

During 1927, moreover, there were quartered along the Canal about 9,000 soldiers of our regular army, probably about the average yearly number; a contingent of our naval force was also present in the harbors and in the air service. These forces, aggregating a large personnel and millions of dollars of equipment, were there for no other purpose than the protection of the Canal, excepting perhaps a few to meet contingencies which might arise in the Republic of Panama. The annual expense of maintaining this display of military and naval strength must be at least $20,000,000, which would change the apparent profit of $7,242,000 to a yearly deficit of $12,758,000. The annual interest charge at 4 percent on the $113,000,000 allocated for national defense would be $4,520,000. If we now add this to the yearly deficit it reaches a figure above $17,000,000.

It may be argued that the forces in question are a part of our regular establishment and as such must be maintained anyhow, but the fact remains that they are there because of the necessity of safeguarding our peaceful possession of the Canal, and even if plans for universal disarmament prevail, the people of this country would never allow such a very vital and vulnerable organ of our economic body to remain unguarded from the attack of a possible enemy. Therefore the expense must go on indefinitely, and the money which is spent in this way all comes out of the public pocketbook in the last analysis.

The annual interest charges upon the real cost of the Canal, together with the expense of maintaining the armed forces for the past fifteen years, would change the surplus of $117,000,000 as

shown in government reports to a huge deficit at least equal in amount to the reported surplus resulting from the Canal operations for the fifteen years past. But until business methods prevail in governmental bookkeeping, we shall probably go on deceiving ourselves in the good old way.

It is argued that the value of the Canal as a factor in eliminating the necessity for, and consequent cost of, a large fleet in the Pacific Ocean should be placed as a credit to the Canal finances. Perhaps so, but if the Canal is such a factor in our national defense it is pertinent to inquire why the United States was allowed the same ratio as Great Britain at the Washington Conference on the Limitation of Armaments. Was the Canal's value as a factor in naval power considered negligible at that historic conference?

Then there is the question as to what effect the Canal has had in reducing the cost of transport in the United States between the coasts and the hinterlands of the two oceans. Vast sums are loosely stated to have been saved the American people by the operation of the Canal, but an analysis of this question would disclose that the ultimate consumers have not been the beneficiaries; the benefits have gone to the producer and the middleman. So far as the rates of the transcontinental railways are concerned, that is a matter entirely in the hands of the Interstate Commerce Commission, which can make any rates that it chooses, regardless of canal competition.

Considerable space has been given here to these financial features of the Panama Canal because the operation of a second canal would seriously and adversely affect the receipts of the present Canal, besides probably creating a large yearly deficit for itself.

The administration of the business affairs of the Canal, and its technical operation and maintenance, have been carried on by the Governors and staffs of the Canal Zone with a high degree of ability and efficiency, and reflect great credit upon the branch of the national service to which these officials belong. These men, who from their very duties are close students of the trend in volume and routing of sea-borne traffic, are without exception emphatic in their judgment as to the capacity of the Canal to meet all demands of transit that may be made upon it in the long future.

General Walker, former Governor, stated in 1927: "In my

opinion the correct policy now is to proceed at once with the construction of the Alhajuela storage project, to watch the situation and commence the installation of the third locks when indications warrant, and to entirely dismiss the Nicaraguan Canal from consideration for a long time to come." And Colonel Burgess, the present Governor, stated as late as September 1929: "It seems a fairly safe prediction to estimate the growth of traffic as not over ten million Panama Canal tons per decade, and to state that the third locks will be required in from thirty to thirty-five years." Again: "Since the ultimate capacity of the Canal is over 112,000,000 tons per year, it seems entirely safe to

say that it can take care of all the demands of commerce to the end of this century."

If these officials, with their years of practical experience at the Canal and their comprehensive and intelligent studies of the situation, cannot be trusted to give a correct opinion of the present and future capacity of the Panama Canal, then no one lives that can. The writer — who from his intimate connection with the planning and construction of the Canal, and from his study of the weekly official detailed reports of the operations for years past believes that he has a fair degree of information as to the situation — heartily agrees with them.

Nevertheless, the call for a second canal to supplement the

Panama Canal is loud and persistent. The major reason put forth in support of it is the allegation that the present Canal will soon be unable to handle the traffic. Other reasons set forth are military, political, economic and financial, together with some that are too farcical to mention.

The location selected by the proponents of a second canal is in Nicaragua. If such a canal is to be built, this is without doubt the correct place for it. The story of the efforts made for many years to promote a canal at Nicaragua — the investigations, surveys, plans, expenditures, voluminous reports, Congressional actions and recommendations — is not relevant here. That it is practicable from a physical standpoint to build and operate in Nicaragua a canal designed to meet modern requirements cannot be gainsaid. As a commission of engineers under the authority and orders of Congress is now investigating that route, and as the final report of this commission cannot be expected for a long time, any comments made now as to characteristics, cost and time of completion of such a canal are obviously useless. However, some of the conditions which exist there — to which any plan must conform — are fairly well known.

Many people have the impression that a sea-level canal is what is projected at Nicaragua. Such a canal can probably be built there, but it has never been recommended by any competent authority, a lock type canal always being advocated (although the present commission may report otherwise). Lake Nicaragua at its present elevation has always been regarded as the key to the situation.

The eastern terminus of a Nicaraguan canal would be at Greytown (San Juan del Norte) on the Caribbean Sea and the western at Brito, near San Juan del Sud on the Pacific Ocean. The length of the canal would be about 185 miles, nearly one hundred miles of it lying along the San Juan River, which is very crooked and would require modern canalization. Some seventy miles of Lake Nicaragua would be utilized, necessitating twenty miles of dredging in order to obtain the depth of water requisite for navigation. Then a cutting of some fifteen miles through the Continental Divide would bring the canal to the Pacific Ocean. So far as reported, its alignment for many miles would be very tortuous; this would necessitate slow speeds and would be dangerous in night navigation.[1]

[1] This brief description of the general features of the route of the proposed canal is taken from rather sketchy data, and the studies of the commission of engineers may modify it to some extent.

The elevation of the water of Lake Nicaragua is about one hundred and ten feet above mean sea level, or twenty-three feet more than that of Gatun Lake. Thus there would be required one more step of locks than at Panama. An extra step of locks would be necessary also at some point or points west of Lake Nicaragua. There is undoubtedly an ample supply of water for lockages to any reasonable number and at all seasons. There are no existing facilities to aid in the work of construction and so a railroad would have to be built through approximately two hundred miles of tropical jungle swamps, where construction would be both expensive and long drawn out. At the Pacific end conditions are such that a harbor and terminus can be constructed at a reasonable expenditure of money and time. At the Caribbean end the conditions are particularly bad, but it is possible to construct and maintain the necessary facilities at a heavy expense. Such are the natural conditions. What the costs would be no one knows. It is safe to predict that to build a canal here today would cost in money more — much more — than it cost to build the one at Panama. As to the time which would be required, one experienced engineer's guess now is as good as another's — possibly a minimum of ten years.

Wild statements are put forth as to the vast amount of new business that would spring up almost overnight as the result of the operation of a canal at Nicaragua; but its proponents are singularly silent as to the nature of such business, where it would originate, and how and where it would move. Some local business would naturally develop in Nicaragua, but it necessarily would be comparatively small. A railroad costing possibly $25,000,000 would develop as much local business as would a canal.

The records kept at Panama disclose that approximately 75 percent of the traffic through the Canal moves to and fro between the Atlantic and the North Pacific, and undoubtedly some of this traffic would benefit by using a canal at Nicaragua. A theoretical calculation, using only the factor of comparative distances, indicates that ships in such traffic would save two days in their voyages. But this figure of the saving is overdrawn, for while the total distance is less, the time required to pass the additional locks, the slow speeds necessary to negotiate the poor alignment, together with the additional 135 miles of canal, would eliminate a large part of the assumed saving of time via Nicaragua. The time a ship would take to pass through a canal at Nicaragua has been

variously estimated at from one to one and a half days; probably the latter time is more nearly correct. It would likely be five times as long as it is at Panama.

The remaining 25 percent of the traffic — including that portion passing to and fro between the Atlantic and ports on the west coast of South and Central America, the Orient, and the South Sea Islands — would move as it now does, through the Panama Canal whether a second canal were built or not. If the second canal is built, and if it takes over any part of the traffic first mentioned from Panama, that Canal will lose part of its revenue but it will have to be maintained and operated just as it is today, thus increasing its present deficit and putting it deeper and deeper in the hole.

If a canal is built at Nicaragua, it will certainly have to be guarded by our army and navy in the same way that Panama is guarded. Sometimes the claim is made that a second canal would be an additional protection to the nation in time of war. Any canal is vulnerable and might be put out of commission by an enemy. It seems reasonably safe to assert that as yet no adequate means has been found for defending the locks of a canal or ships in its waterways against attacks from the air. The absolute safety of no canal can be assured in time of war unless the enemy can be kept away from it, and this is a problem not yet solved. If one canal can be put out of commission so can two. It is difficult for a layman to comprehend how two danger spots located four hundred miles apart could be of mutual assistance.

Some patriots aver that in order to impress other nations with our wealth and power we should build the second canal, whether it is needed for economic reasons or not. The United States does not need to resort to such practices. Other unthinking people have suggested that Lake Nicaragua would be a fine place to keep a part of our navy. If we need a fleet at all (and we most assuredly do), it will not be kept in a place where it could be bottled up in time of need.

We are told that if we do not build the Nicaragua Canal some other nation will build it, or build one somewhere else. Possibly so, but when it is considered that commercial ships of all nations have the same unrestricted rights as have ours at Panama, at the same cost and under the same conditions, enabling them to compete on equal terms with us for the trade of the world, it is not easy to understand what policy would justify another nation in

building a second canal at the expenditure of millions of dollars, incurring at the same time the certain antagonism of the United States; for the Monroe Doctrine would be sure to be invoked against any such project. Every nation can pass its warships through the Canal in time of peace. And certainly our financial experience at Panama would not be an inducement for any nation to build an interoceanic canal as a means of profit. The foreign bogy is just another herring dragged across the trail to lure the traveler from the path to the real facts and the correct decisions.

INDIA'S EMIGRATION PROBLEM

By C. F. Andrews

THE emigration of agricultural labor from India has gone steadily forward during the last hundred years, yet the congestion in the villages along the alluvial plains of northern India and in the low-lying parts of the south continues unabated. One of the greatest difficulties of the human race in the future will be to discover the best method of dealing with the serious over-population problem of the southeastern portion of Asia. The Chinese, who represent the most prolific race in the world today, are constantly finding further outlets necessary both in the north and in the south. Japan is becoming overcrowded. Java contains one of the densest single rural areas in the world. India, like China, is continually overflowing its banks, and this surplus of population spreads in wider and wider circles. Malaya and Sumatra are at present serving the useful purpose of absorbing some of the excess; Borneo and New Guinea may help later, but these lands do not of themselves hold the possibility of solving India's population problem.

This part of the world has always suffered from racial congestion. For many centuries it has contained one-half of the whole human race, and the saturation point has been always close at hand. In earlier days, the congestion in Asia was relieved by the calamities of flood, famine and internecine war, which swept away millions of human beings. The lives of these unfortunate people are now in some measure preserved, for we live in a humanitarian age. India, in spite of recent famine years, has been adding continually to its own permanent population at the rate of over one million a year. Even the incredible loss of twelve million lives by influenza in 1918 hardly seemed to keep down the ever-rising numbers. It is estimated that one year hence, the total census in India will reach three hundred and thirty million persons. In the same way, China, in spite of war, disease and famine, continues to spread abroad its hardy population.

Let me first trace briefly how this congestion of agricultural labor in Asia has been partly relieved before going on to consider what steps are likely to be taken in the future to deal adequately with the problem of still further agricultural expansion.

Japan has attempted systematically to diminish the pressure

on her soil by throwing open her northern islands for development and also by finding outlets in Formosa, Manchuria and Korea. Any agricultural settlement in Manchuria has hitherto proved a failure on account of the impossibility of competing with the Chinese, whose standard of living is lower. A recent development, with patriotic fervor behind it, has been the organized attempt to colonize an allotted area of Brazil, in South America, where large tracts of fertile land have been offered for cultivation. That experiment is of first-rate importance and should be carefully watched.

China is very rapidly filling up the waste lands of Manchuria by an emigration on a bigger scale than any which the human race has experienced since the rush from Europe to the United States in the last century. It is estimated that more than one million and a half new settlers went northward into Manchuria out of China last year, while in the present famine year even that vast number may be exceeded. Whole families migrate together, and in spite of overwhelming hardships they thrive and prosper. Towards the south, the drift of emigrants from China is mainly towards the Malay Peninsula and the adjacent islands of Indonesia. The labor undertaken here is only partly agricultural, for large mining, oil and commercial operations are being carried on, and wherever the way is opened up by modern development the Chinese show themselves to possess great adaptability and business capacity. They are by no means content always to remain tillers of the soil; instead of this, they are becoming merchants and estate holders. It is estimated that in recent times the exodus from south China for purposes of permanent residence has exceeded six million persons.

Java, which now possesses a population of nearly forty millions, has obtained its own outlet near at hand in Sumatra. This large island is now being gradually opened up for colonization. Furthermore, a certain number of Javanese have recently been sent as an experiment to Dutch Guiana, in South America, where large vacant areas within the tropics are in need of agricultural labor. I have recently observed that experiment in action and have some grave doubts about its advantage, because it has necessitated a certain form of indenture which is difficult to control. It appears also to be leading to serious racial friction with the settlers from India who had gone out under indenture in earlier days.

India has been content, in the main, to fill up vacant areas which are close at hand rather than to attempt distant colonization. The one exception was caused by the indenture system of Indian labor, which will be considered fully later. It was while studying its effects in the British colonies that my own doubts concerning this form of emigration were raised.

Large areas of desert land within India itself have been reclaimed. It is difficult to estimate the extent of the resettlement due to this cause, but I am probably safe in putting down the new population provided for in this manner at over ten millions, and in estimating the irrigation area still undeveloped as offering ample room for at least six million more. These are all agricultural laborers and the land irrigated has shown every sign of permanent prosperity. In addition to this internal expansion, Assam has already taken more than a million recruited laborers for its tea gardens, and Burma has received an equal number for its ever-growing rice fields. But the saturation point will soon be reached, when further agricultural labor from India will not be needed.

Malaya has been hitherto a popular country for emigrants from southern India, especially among the Tamils, and it may be estimated that the incoming permanent residents will reach 750,000 persons in the not distant future. But hitherto the settlers, with their families, have been fewer in number than the seasonal laborers who go to and fro across the Bay of Bengal, staying in Malaya only long enough to accumulate a small amount of capital. Yet a sediment of population remains after each tide recedes. India and China are meeting together in Malaya without any serious racial clash. At one time it seemed as though the Indian migration would be likely to prevail over the Chinese; but since the revolutionary disturbances in southern China have made a peaceful domestic existence there somewhat precarious, the Chinese have begun to bring their families with them to Singapore and Malaya, and this more stable form of settlement appears now likely to continue. The Chinese laborer has shown himself hardier than the Tamil. The Malay people themselves are disinclined to do strenuous work. Therefore, the future of Malaya probably rests with the Chinese more than with any other stock. The Tamil population from India will come second. The Malay population will be able to keep up its numbers only by means of reinforcements from the adjacent islands.

One further undeveloped area for the flow of the Tamil villagers of southern India has been provided in Ceylon, where the tea and rubber plantations are almost entirely dependent on their cheap labor; the original inhabitants of Ceylon do not take kindly to this sort of work. Already the Indian settlers in Ceylon number over a million, and further additions may be expected, but the area of fertile soil in Ceylon is limited, and Tamil family life is very nearly as prolific as the Chinese.

So far we have been considering only the natural migration induced by the proximity of an overflowing agricultural people to countries where land is available. We shall now turn to the Indian indentured labor sent out to the remote colonies of the British Commonwealth under government auspices. The system of exporting indentured labor to far-off lands was highly artificial and it led to great abuses. The labor was recruited by professional recruiters who were paid so much per head for every recruit they brought to the depot. The price was higher for a woman than a man because the requisite number of women was more difficult to obtain. From the very first the system laid itself open to fraud; and when oversight and inspection were lax it became little less than kidnapping. The adoption of the system nearly a century ago was due to the needs of the British Colonies rather than to the requirements of British India, for it was devised originally in order to save from disaster the sugar plantations in such places as Natal, Mauritius and the West Indies, which had brought very great wealth to leading merchant families in England. When slavery was abolished in 1834 the sugar planters were suddenly threatened with bankruptcy because the slaves refused to go back to the sugar estates as hired laborers. The system of indentured labor was then devised, and villagers were sent out from India in very large numbers. Their term of service lasted for five years.

The semi-servile existence of the indentured laborers on the plantations led to moral evils which were hardly less grave than those connected with the fraudulent means by which they often were recruited. Though admirable regulations were made to prevent abuses, the faults inherent in the system were so great that it could not be radically reformed. To give one glaring instance, the proportion of men to women was roughly three to one. As a result, sexual crimes were frequent, and murders, followed by suicide, were terribly common. During one long

period of my life I had to undertake a thorough investigation of the fraudulent recruiting in India and of the immoral conditions under which the laborers lived on the plantations. My friend, Mr. W. W. Pearson, accompanied me and checked all the evidence. Later on, the Women's Associations in Australia invited Miss Garnham, of the London Missionary Society, to make an independent inquiry into the facts with regard to this indentured labor in Fiji. Her inquiry led to an even more severe condemnation of the system than we ourselves had made in our report. In the end, indentured labor was abolished between the years 1917 and 1920. On January 1, 1920, those who were still finishing their indenture were voluntarily set free. In India, the abolition of the system is often regarded as parallel to the abolition of slavery, which had happened nearly a century before in the West Indies and in other parts of the British Empire.

The extent of this emigration of indentured labor from India, which revived the prosperity of the British colonies in different parts of the world after slavery had been abolished, can be told briefly with statistics.

Mauritius was the first colony to receive such labor from India. The movement began immediately after the abolition of slavery in 1834, and for nearly eighty years ships were sent regularly with fresh emigrants. In 1911 it was decided that the island had sufficient population, and the system was closed down. At that time, the whole population was about 380,000, of whom over 260,000 were Indians.

British Guiana and Trinidad were the next colonies to petition the Indian Government to be allowed to introduce indentured labor. Small numbers began to arrive as early as the year 1839; but the fully organized immigration began only in 1845. The system spread at one time to many parts of the West Indies; and Dutch Guiana also received a large number of indentured Indian immigrants. By 1920, when indenture was abolished, there were in British Guiana about 125,000 Indian settlers. There were also 127,000 in Trinidad, 34,000 in Dutch Guiana, 20,000 in Jamaica, and smaller numbers in other islands.

In Natal, indentured labor was first drafted from India in the year 1860. Every other remedy had been tried in order to save the sugar plantations, which were falling into decay for lack of field labor. The Zulu at that time was unsuited for the work. Early in the present century a considerable section of the

European population began making strong objections to any further Indian immigration, because of the rapid rise in the number of permanent Indian settlers. A poll tax of three pounds sterling was therefore imposed on those Indians who had finished their indenture and who wished to settle in the colony permanently. This was remitted if they were ready to submit themselves to the indignity of a new indenture. It was hoped that the poll tax would drive them either to return to India or else to go back to the plantations. This humiliating tax was a cause of great resentment in India, and the Hon. G. K. Gokhale proposed in 1908 that no more indentured labor should be allowed to go out to Natal. His proposal was carried into effect three years later. The poll tax nevertheless still continued, and was not withdrawn until Mr. Gandhi led one of his passive resistance campaigns to a successful conclusion. In July 1914 the Gandhi-Smuts Agreement was signed, by which this tax was abolished and the grievances were set right.

More than twelve years after this date, in 1926, a further struggle began. The Government of the South African Union desired compulsorily to repatriate the Indian settlers who had originally come out under indenture and had gained their right to residence. The government bill definitely aimed at compulsory repatriation and compulsory segregation. A deputation was sent over from India under Sir Muhammad Habibullah as president, and the South African Indian Agreement was signed in January 1927. By this settlement the "compulsory" bill was dropped and the Rt. Hon. V. Srinivasa Sastri was welcomed as Agent General into South Africa. Owing to his statesmanship the tension between South Africa and India was relieved. The total number of Indian residents in the whole of South Africa today is 180,000, of whom about 150,000 live in Natal. The majority came over originally as agricultural laborers under the old indenture system.

The only other important field of indentured Indian labor is to be found in the Fiji Islands in the South Pacific. This immigration began in 1879 and continued until 1917, when all recruiting in India was stopped. The last indentured laborers were set free on January 1, 1920. Since that time there has been considerable improvement; but racial equality does not yet exist, because a racial franchise discriminating in favor of the Europeans is in operation, just as in Kenya and South Africa. The Indians

number 70,000 and the Fijians 90,000. The two races live side by side with very little friction.

Thus it may be seen that the tropical colonies of Great Britain owe a great debt to India for the agricultural development of their soil. This service has not received adequate acknowledgment; and the impression left in India is that the colonies have taken Indian laborers when their economic needs were great, but have been ready to discard them when their difficulties were surmounted. While this might be true of Natal, it could hardly be said to refer to the other colonies without qualification. Nevertheless, there is considerable reason for the opinion that Indian immigrants to the British Colonies have not seldom been seriously neglected, and in certain countries their full citizen rights have not yet been obtained.

During the past eighteen years I have had to visit the different colonies where Indian indentured labor was introduced, so that I might find out what social and educational changes were necessary, and I have made frequently reports to the governments concerned. During the hot weather of 1929 I went out in this connection to British Guiana, Dutch Guiana and Trinidad, under the auspices of the All-India National Congress and the Imperial Indian Citizenship Association of Bombay. At the same time I also received a cordial invitation to visit British Guiana from Sir Gordon Guggisberg, who was then Governor; and to visit Dutch Guiana from President Rutgers. It appears to be very little known in America that a large and important population from India has made its permanent home in the British West Indies and that it still forms the mainstay of agriculture there.

The Indian laborers coming out under the extremely hard conditions which I have described above were unable for a long time to make progress. The mortality rate was excessive, owing chiefly to malaria. Though the immigration had begun as early as 1839, the increase in the number of permanent settlers was very slow indeed. Nevertheless, while Chinese agricultural labor immigration proved a failure, the immigration from India in the end succeeded in gaining a firm footing in the land. At the present time, a large portion of the agricultural land, both in British Guiana and in Trinidad, belongs to these settlers from India and practically the whole of the rice cultivation is due to their industry. They bear a high character as agriculturists; and

British Guiana, which has only three inhabitants to the square mile, is eager to receive more immigrants in the future if they are allowed to come under directly free conditions and without any trace of the old indenture system. But the people of India, who have still in their minds the bad impression left by the fraudulent recruiting of the past, are by no means anxious to send out more settlers to any British colonies, and have begun to look to Brazil instead as a new field of colonization.

My own visit to British Guiana and Trinidad proved even more interesting and instructive than I had imagined. The new feature in the problem — which I had never studied to such advantage before — was the settlement in the same area of Indians side by side with Afro-Americans. They live under conditions of race equality, along with a very small proportion of Europeans. After the abolition of slavery in 1834, the Afro-Americans had immense arrears to make up, yet if we judge from the records of those earlier days the progress achieved has been amazing. In educational and clerical work they have already obtained a good start, and they provide more than 90 percent of the teachers. This rapid educational advance has drawn the younger generation from the land, not always with advantageous results. The indentured settlers from India on the other hand took less kindly to education, though they proved industrious farmers. As soon as they were released from indenture, they took up tiny plots of land of their own and with creditable thrift bought up vacant sugar land during the time of depression, when sugar could not be grown at a profit.

It is profoundly interesting to notice how the two races, even though in certain ways they come into economic competition, have never quarreled or become antagonistic to each other. On the contrary, although they very rarely approach intimacy, even while remaining side by side, they maintain friendly relations. It was necessary for me to consider very carefully whether a new racial complex would likely occur if the number of settlers from India was largely increased by immigration. It appeared to me that, though the influx of large numbers would be unpopular and is therefore to be avoided if possible without a compensating influx of Afro-Americans, there were as yet no signs at all of racial dislike. Perhaps no small reason for this is the friendly association of the two races together in the schools, and also the elementary teaching work being done by the Afro-

American teachers; for it is certainly true that the first impressions left by good and kindly teachers in early childhood continue in later life.

How far the Indians themselves had benefited by the experiment of transplantation into a new world was a far more difficult question to answer. There could be little doubt that from the material point of view their lot as a whole had improved, though even here there were grievous exceptions; and the drift to the large towns — such as Georgetown and Port of Spain — has produced a mendicant class, spiritually as well as physically submerged. One of the chief reasons for the size of this class has been the tendency to rum-drinking handed down from the old sugar-plantation days. The liquor traffic in British Guiana is in the hands of the Portuguese, whose numerous shops near centres where pay is distributed to the Indian laborers offer temptations which are hard to resist. This rum-drinking is a new vice and it runs through them like some fatal disease. The sights I saw saddened me beyond measure, and I reported, long before leaving, that I could have no part whatever in steps to assist any more emigrants to come out from India, even under absolutely free conditions, unless the drink evil was drastically taken in hand. The promise was made while I was there that the number of licenses would be cut down and the government control of the drink traffic made more stringent.

On the side of health, the malarial infection in British Guiana has not yet permanently decreased. As it is still a very poor country, which can seldom meet its expenses from its current income and must borrow from year to year, it is unable to spend money on fighting malaria, as has been done, for example, in Panama; and at present there seems to be no likelihood that the preventive work will be able to cope with the disease. Yet when we examine the health statistics as a whole, we note a slight improvement in recent years. In Trinidad, the annual death rate has been brought down to a really low figure as compared with other tropical countries, and it should not be impossible to effect the same improvement in British Guiana.

The industry of the Indian farmers has afforded a good example to the Afro-Americans and has helped them to overcome the temptation to remain idle. It is impossible to see the patient, plodding industry of the Indian farmer and not be favorably impressed. On the other hand, the Afro-Americans — girls as

well as boys — have shown a laudable zeal for education, and this admirable characteristic has touched the Indian settlers.

The future of these fertile lands is still somewhat in doubt. While the population of Trinidad is ample, and that of Barbados is overflowing, many of the adjacent islands are underpopulated, and British Guiana as yet is hardly even explored. It seems to me that the ideal arrangement for the future would be that first of all every inducement should be given the Afro-Americans of the West Indies to come and settle in the unoccupied portions of British Guiana. If they did so, a regular steamer service might be started to bring independent settlers from India, of course at their own expense and without any recruitment. For to my own mind the balancing of the two parallel races is good for both, but the predominance of one over the other might lead to evil. Indeed, it might be a good thing to introduce an immigration quota to keep the balance even. In an empty country like British Guiana it might be possible to offer such favorable colonizing conditions to each community respectively that they would be prepared to come over in sufficient numbers to make up the quota needed. The process would necessarily be a slow one, but in the long run it might be more beneficial to the country than some speedier method of increasing the population.[1]

I have been dealing above chiefly with the migration of agricultural labor, either to countries in close proximity to India or else to distant colonies under the old indenture system. A brief survey is now required of emigration from India to East Africa, for it has certain peculiar features worthy of careful notice.

At the beginning of the present century large numbers of Indian laborers were brought over from the western shores of India under a three years' contract in order to construct the Uganda Railway from Mombasa on the East African coast to Kisumu on Lake Victoria Nyanza. This experiment in railway construction proved costly in human life to both Indians and Europeans. The Indian laborers were wretchedly paid, particularly in view of the ever-present risk of death; for even the wild beasts from time to time devoured many of them. It is reckoned that at one time twenty thousand laborers were at work on this pioneer work. Many of them remained behind as artisans when

[1] What I have written on this point must be regarded rather as a tentative suggestion than as a finally considered judgment. My final report on the whole complicated situation has not yet been published.

the railroad was completed, and ever since that date it has been customary to invite Indian artisans from the north and west of India for special work in Kenya. The process has gone on for many years, and a certain proportion of those brought over have remained and settled in the country. Others have come over as retail traders, and a few Indians have also entered for professional work as doctors, lawyers and teachers. With the single exception of a small group of Punjabi agriculturists who established themselves near the Great Lake at Kibos, there has been very little permanent Indian agricultural enterprise hitherto. The total Indian population today, after thirty years of settlement, is still only about 25,000. Meanwhile, however, the European population, fearing that Indian farmers might come in large numbers, had obtained from the Secretary of State for the Colonies an ordinance excluding Indians as farmers and settlers from the agricultural highlands. This ordinance led to very great bitterness, which has by no means been relieved by the Colonial Secretary's offer to compensate the Indian community by allowing them to purchase land in the unhealthy lowlands instead. It was pointed out that the ordinance was a direct infringement of an earlier promise of equal treatment and a direct encouragement of racial legislation.

In the year 1923 the situation became so acute that the British Parliament took up the matter seriously and delegates were invited from both India and Kenya to meet the Secretary of State in London. At that time I was asked to attend as adviser to the Indian delegation. In the end, the White Paper of 1923 was published, wherein the rights of the Africans were carefully protected; but both with regard to the common franchise (on an education-property basis), and also with regard to the agricultural highlands, the Indian demand for racial equality was rejected. This was a very great blow to those moderate Indian leaders who wished to remain within the British Commonwealth of Nations on the basis of a common citizenship without any racial discrimination.

In the neighboring territory of Tanganyika the Indian problem has been far less serious, because the Mandate requires that all nationals shall be treated equally. Since India was an original signatory of the League of Nations Covenant, the 15,000 immigrants from India who are now settled there are able to demand equal treatment, and receive it.

It is difficult to make predictions with regard to the future of Indian labor immigration. The present juncture is critical. For if the political friction between India and Great Britain increases, it is likely seriously to affect even that migration of Indian agricultural labor across the Bay of Bengal and towards Ceylon which now goes on throughout the year. Meanwhile, many of the alluvial valleys of India are seriously overpopulated, the margin of land suitable for cultivation has very nearly been reached, and, apart from the immense irrigation scheme now in course of construction in the Indus Valley, only a few areas still remain where further irrigation on a large scale is possible. India will, therefore, be obliged to look outside its own borders.

Mesopotamia has been suggested as a fertile region which irrigation might make capable of absorbing a large Indian population. But there would be a serious danger of new racial friction arising between the Arabs who have inhabited Mesopotamia for many centuries and any very large influx of Indians differing from them in race and religion. Up to the present, there is little racial feeling in Mesopotamia, because the Indian settlement is comparatively small and confined to the trading classes. But any vast irrigation scheme would imply the coming of agricultural people, who might entirely alter the racial balance in Mesopotamia itself and put the Arabs in the position of a minority. We have recently seen how bitterly the influx of Zionists into Palestine has been resented by the Arabs, and we should need no warning against repetition of that sort of experiment.

While traders from India have gone to the East Coast of Africa for over two thousand years, there has never yet been, as I have shown, any large agricultural labor migration. On the whole, the prospects offered along that coast for large settlements in the future are not promising. Equally unlikely is any settlement of Indians in northwest Australia, which has a somewhat similar climate; for here the policy of "White Australia" stands in the way. The immediate prospects within the British zone are thus somewhat discouraging. Possibly the vast fertile and uninhabited areas of the great Amazon Valley of South America may attract agricultural laborers not only from Japan but also from India, though the practical difficulties of transporting them and safeguarding them from exploitation are enormous. Thus a solution is not in sight; yet the problem is becoming every day more and more acute.

THE RIDDLE OF THE BRITISH COMMONWEALTH

By W. Y. Elliott

THE Balfour Report of the Imperial Conference of 1926, with characteristic British pride in being able to renounce logic, declared that the British Empire, "considered as a whole, defies classification and bears no real resemblance to any other political organization which now exists or has ever yet been tried." Now this is a challenge which has troubled not merely the ingenuity of jurists and the classifications of political scientists. More important, from the practical point of view, it has sadly puzzled the foreign offices of the Powers — and perhaps even England's own! Lord Balfour, himself a philosopher of rank, might view with satisfaction this solution of a metaphysical problem in which unity had simultaneously to be combined with multiplicity, and in which perfect independence of diplomatic action had to be reconciled with complete loyalty to a common crown. But skeptics, at least outside the Empire, began to wonder whether the talk about the Dominions being "equal in status" to Great Britain was intended to quiet the insistent nationalism of Premier Hertzog of the Union of South Africa as well as the demands of the delegates of the Irish Free State; to salve the wounded feelings of Mr. Mackenzie King of Canada, after his constitutional brush with General Byng over the dissolution of parliament; and at the same time to make no substantial changes in the actual relations of the Dominions, either within or without the Empire. To Premier Hertzog it was as good as a declaration of Dominion independence; to Premier Bruce of Australia it was a comfortably conservative statement that nothing of present practice needed to be changed.

There was much to support the view that the Report might be intended to mean all things to all men. For the right of reservation and disallowance of Dominion Acts still remained intact, as did the right to grant appeals to the Judicial Committee of the Privy Council by special leave that existed, substantially unimpaired for several Dominions, under the Royal Prerogative; there also remained the fact that Imperial Acts of the British Parliament consistently overrode Dominion Acts, whenever the former were applicable to the entire Empire, as was the case of Shipping

Acts; and the fact that the Dominions could not change the basis of the common citizenship of British subjects for the entire Empire, whereas Great Britain could.

More important than any of these internal limitations, which presumably could be completed by denying to the Dominions the right legally to secede, was the external limitation upon their relations with foreign powers. Here the touchstone might be taken to be the ultimate responsibility for war and peace: the Dominions could not remain legal neutrals, neither could they issue full powers nor ratify treaties without the consent of the Crown. And in this respect the Crown was still a British Crown, acting ultimately on the advice of ministers responsible to the British Parliament.

But the foreign offices of other Powers are now having to reexamine these legalistic assumptions in the light of the actual practice of the Dominions in diplomatic relations. As it is practice rather than legal theory which has always shaped British institutions, it has become increasingly necessary to estimate the drift of practice to determine to what degree the Dominions act upon their own sole responsibility, and to what degree that right is conceded by foreign states.

President Lowell, long a close student of the actual working of the British constitutional system, gave it as his opinion in his article in FOREIGN AFFAIRS that the Balfour Report was a better guide to the facts of Dominion development than a too close scrutiny of the vestigial remains of British supremacy which the Report left for future settlement.[1] It was his view that the document implied something closely approximating a personal-union of independent states. He was convinced that, if the Crown was to be advised as of right "by the Government of each Dominion . . . in all matters relating to its own affairs" and if the Governor-General was to cease to represent the Government of Great Britain (as the Report definitely said), the Commonwealth would become a personal-union such as existed under the Hanoverian succession until, under the Salic Law, the accession of Queen Victoria put an end to the sharing of the Crown of the United Kingdom of Great Britain and Ireland and that of the Kingdom of Hanover by the same person. Under a personal-

[1] FOREIGN AFFAIRS, April 1927: "The Imperial Conference." This view was shared by Justice John S. Ewart in his article "Canada, the Empire and the United States" in FOREIGN AFFAIRS, October 1927, p. 127.

union neither government is subject to the control of the other. The Crown can be — and actually had been in the instance before us — at peace in one kingdom and at war in another.

That position — which would amount to a league of independent states united by a crown symbolic only of their willingness to confer together before taking action which would affect common interests — has not yet been reached in the development of diplomatic relations by the Dominions. Still, it is highly significant that General Hertzog, in securing the approval of the South African Parliament for the Report of the Imperial Conference of 1926, interpreted it as conceding legal neutrality to the Dominions, citing and relying upon President Lowell's arguments throughout the debate.[2] Mr. Blythe, Minister of Finance and Vice-President of the Executive Council, has spoken for the Irish Free State Government in similar terms.[3]

If the unanimous report which the Committee of Legal Experts submitted to the Commonwealth governments in November 1929 (published February 3, 1930) is accepted by the various parliaments and by the Imperial Conference which is to meet in the autumn of 1930, it will have pushed the development further in the direction indicated by President Lowell. For this report provides that the assent of the Dominions is to be required for any future changes in "the law touching the Succession to the Throne."

Nor is it a valid argument against the personal-union theory[4] to urge, as Sir Cecil Hurst did, that if this view is taken officially it will affect the common citizenship of British subjects.[5] A citizen of Hanover was treated by the British courts as a natural born British subject. The advantages to the Dominions of common citizenship in the enjoyment of British treaty rights as well as in having the protection of British ministers and consular officials are undoubted, but they would not be lost by the most complete acknowledgment of a personal-union.

On the other hand, the existing supremacy of imperial legislation is not practically effective to prevent any Dominion from

[2] House of Assembly Debates, Union of South Africa, March 8, 1928, *et seq.*

[3] *Manchester Guardian*, October 29, 1929.

[4] Which Professor Smiddy, then Irish Free State Minister to the United States, advanced in the Harris Lectures in Chicago.

[5] For the controversy between Professor Smiddy and Sir Cecil Hurst, see "Great Britain and the Dominions," pp. 117 and 50–55. (The Norman Waite Harris Lectures at the University of Chicago, 1928.)

making immigration restrictions or limitations of political rights against any class of British subjects which it chooses to deal with. British Indians and other Asiatic subjects have been the particular victims of both types of discrimination, and even the residents of the British Isles have been subjected to strict immigration restrictions by the Dominions. England and the Irish Free State, furthermore, do not yet appear to have found how to afford British consular services to citizens of the Irish Free State unless the latter carry a British passport, since the Irish Free State puts "Citizen of the Irish Free State and of the British Commonwealth of Nations" on its passports in place of the conventional description of the bearer as a "British subject." The advantages of a completely common citizenship, then, are not in all respects achieved under the present system. So far as they exist, their retention would be no legally insuperable bar to the development of a personal-union as the constitutional basis of imperial unity.

Nor, from a practical aspect, need the international recognition of the legal neutrality of the Dominions in British wars be considered a real stumbling block. Its value within the Empire would be chiefly psychological, since it would cut almost the last ground for objection to the imperial connection from under the feet of the Nationalists in South Africa and Fianna Fail (De Valera's party) in the Irish Free State, while it would satisfy at the same time a number of anti-imperialists in Canada. Acknowledged neutrality would cut both ways. It might bring the Dominions to a more grateful appreciation of the gift they now enjoy in the protection of the British fleet if they realized that England might leave them in the future to face their own difficulties.

If this sounds very much like the disintegration of the British Empire, we must remember several things which qualify that conclusion: Great Britain has *not* proclaimed to foreign states the right of the Dominions to neutral status and for the present this is a most unlikely step, despite pressure from the Union of South Africa and from the Irish Free State. But should she do so, and should the Dominions possess the right to neutrality as fully as any of the other states which are members of the League, their neutrality would nevertheless be extremely improbable in any actual conflict of importance. Now that the Kellogg Pact has been added to the Covenant of the League, there are few loopholes which permit neutrality. Whether or not the United States would or could be neutral in the case of a flagrant violation of

the Peace Pact is a very delicate question in American politics. For the Dominions the issue is simpler. Only if the League Council declares Great Britain to be the offender will they have neutral rights or positive duties of a different order from those of Great Britain.

Few states would care to base strategic policy on the legal neutrality of the Dominions, since in practice this would be worth little if anything more than their existing right — conceded by England for a long time — to remain passive belligerents should they so desire. It is even possible that the right of legal neutrality would be positively advantageous to the Empire as a whole, by permitting the Dominions to choose separately the time and circumstances of their intervention, while remaining protected by their legal neutrality from enemy attack.

Apparently, then, the concession of this point holds for Great Britain possible advantages, not the least of which would be the removal of the legal obstacle which to some degree still militates against the enjoyment of all the privileges of League membership by the Dominions. The League and the World Court now bulk so large in the instrumentalities by which Great Britain must maintain the peace essential to her commercial survival that any steps in the direction of increasing the prestige of the Dominions and their power in the League ought to be worth taking. Since the United States Senate's stand in 1920 against the Dominions and India having full membership in the League, on the grounds that it would mean "packing" that body, the feeling has never died down among foreign states that the situation was anomalous. India's position is particularly embarrassing to the Dominions that have struck out since the Peace Conference on independent lines of policy, because, in spite of the Viceroy's declaration that Dominion status is "the ultimate goal of British policy in India,"[6] it is obvious that for some time India's attitude on the League will continue to be dictated by an Indian Office responsible to the British Parliament. Important differences of policy will not be permitted. But the fact that the League is far more important as a machinery for regular conference than as a wielder of coercive powers certainly justifies the original concession of places to India as well as to the Dominions.

[6] Earl Russell, Parliamentary Undersecretary for India, in his Cambridge speech of January 4, 1929, was reported to have said that the reason why Dominion status was "a long time ahead" for India was that between Dominion status and independence there was very little difference. Apparently the speech greatly embarrassed the Viceroy.

The British Commonwealth of Nations is rapidly being transformed into a League — bound by a working entente of which the Crown is a symbol — of closely coöperating states, with the substantial privileges of common citizenship and an enormous range of joint legislation. This will become apparent as we proceed to examine, first, the British League in the World League; second, the Empire not including the self-governing Dominions; and third, the Dominions in their extra-League relations.

It is in the international relations of the British Dominions as they develop at Geneva perhaps more than in any other of their relations that we see their new status. For the Dominions accredit their League delegates by Orders of Council completed in the Dominions. There is no necessity for the Crown of Great Britain to intervene even *pro forma*, as it does in the granting of full powers for other negotiations and in giving Letters of Credence to the Dominion Ministers to foreign capitals. It is true that the *ratification* of all conventions (except the curious type "recommended" by the International Labor Organization) must come before the British Secretary of State for Foreign Affairs through his custody of the Sign Manual, which releases the King's Great Seal. So it can still be said that the formal control of treaty-making rests here, as it does elsewhere, in British hands.

But practice, again, shows that this element of legal control is purely formal for both individual and joint treaties which the Dominions sign. If action by a Dominion is considered undesirable, consultation between governments may smooth out the difficulty. If, however, a Dominion Government desires to proceed against the advice of Great Britain or that of other Dominions, it does so not only in throwing its weight and vote in the League, but in signing conventions and in advising the British Government that they have been ratified by the Dominion Parliament. It is the advice of the Dominion ministers that is now generally conceded to bind the Crown in the affixing of the Great Seal. A constitutional convention is coming into existence, certainly so far as League treaties are concerned, which no British ministry would dare to violate.

Examples of a divergence of views within the Empire began with the First Assembly of the League and have not been lacking in any session. The fact that South Africa and Canada championed the admission of Albania into the League against British opposition showed that they were not to be mere puppets of British

policy. Canada's independent stand in trying to have Article X amended or, later, interpreted out of existence, though it was probably approved by Great Britain from the beginning, made a great impression in the League. Even Australia, which has on occasion been suspected of being almost as much a British stalking horse as India, helped Nansen in the vain attempt to force League intervention after the Chanak episode. Since the Australian Prime Minister had declared his intention of bringing the matter before the League immediately after receiving the unhappy surprise "telegram" which Winston Churchill and Lloyd George sent out to the Dominions as a plea for help against the Turks, and since Great Britain opposed League action, Australia may be thought in this instance to have acted independently. The attitude of the Irish Free State was never in doubt from the moment Mr. Cosgrave began talking of "sovereignty" in his first speech thanking the Assembly for the honor of admission. The registration with the Secretariat of the League of the Irish "Treaty" was followed, in spite of Great Britain's denial of its validity, by the registration of the Boundary Adjustment Agreement of 1925.

No less significant than these instances of an assertion of independent action on matters which have attracted wide attention has been the steady resistance of all the Dominions, led by Canada, to any widening of the scope of the League's activities which would empower it to raise such questions as the "equitable distribution" of raw materials, immigration, or the lowering of tariffs. One ought generally to except New Zealand in talking of Dominion independence of action, in the League or elsewhere, as she has hardly any more claim than Northern Ireland or Newfoundland to interests of her own which she is willing to assert against England. Yet in several instances even New Zealand has opposed League action in matters which Great Britain favored. For instance, along with all the other Dominions and India, she in 1920 seconded Canada's opposition to the Italian and Swiss proposal to have an examination of monopolies in raw materials and their unfair distribution.

In this particular case no doubt England's consent in the Council to have such an inquiry undertaken was given from motives of conciliation. She probably regarded the action of the Dominions as useful, if she did not inspire it. But more recently she has found them increasingly unsympathetic toward the bureaucratic ex-

pansion of the International Labor Office's functions, which England has supported. It was partly due to Dominion opposition that the International Labor Office was not able to proceed by the "inevitability of gradualness" from the repatriation of refugees to general problems of migration. And in the most recent of the efforts fostered by the League's Economic Section — the proposal to have a two or three years' "tariff truce" — Great Britain could not have been happy over the tenacious and even bitter opposition of all the Dominions and India to the plan to which her own delegates had given so much hopeful attention and support. All the Dominions except the Irish Free State and Canada refused to attend the 1930 conference on this proposal, and these two wished only to protect their interests by being present.

In economic matters and in labor conventions the Dominions' interests are those of countries still in the formative stage, hence with attitudes much like that of the United States. England, on the other hand, has everything to gain by freer trade, higher standards of social legislation and stronger international control (or at least pressure) in matters like the treatment of foreigners. The divergence of interests is natural, and Great Britain has come to accept it. Perhaps she gains as much by the education of the Dominions in international politics as she loses by their failure to support her.

Canada's economic importance, her rapid growth in this century, and the fact that she can fill the detached and unbiassed rôle of an umpire in European affairs and at the same time act as a useful interpreter of American opinion, all naturally fitted her to receive the first recognition of the right of a Dominion to a place on the Council. The Irish Free State had prepared the way by an unsuccessful candidacy in 1926, which was generally thought to have been rendered hopeless by the opposition of Great Britain. It remained for Canada, urged on by Senator Dandurand and M. Lapointe (both French-Canadians), to secure something just over the majority of votes required the next year, and thus reap the fruits of the independent attitude shown by the Dominions at Geneva. Senator Dandurand had been President of the Assembly and had made something of a bid for support in Central Europe at that time by stressing Canada's peculiar fitness to play a rôle in the settlement of the minority problem, as a country which had already successfully settled such a

problem at home. His unusual mastery of both French and English gave him a happy technical fitness for a Council seat. In succeeding meetings of the Council he made good his hint to states interested in the protection of minorities by raising the question of the procedure followed in hearing and disposing of minority petitions before the Council. Although he did not take so extreme a position as that urged by the late Dr. Stresemann, he appeared to cause Sir Austen Chamberlain some annoyance.

It is very probable that, unless quite unforeseen changes of attitude take place among the members of the League, one Dominion will almost always have a seat on the Council. The Irish Free State has publicly indicated an intention of standing for the place which Canada must vacate in September of the present year. If she can convince Great Britain that she will not use the Council seat as she has to some degree used her membership in the League (*i. e.*, as a platform from which to assert her independent status), she will probably achieve her ambitions. She has been very ably represented at past Assemblies, and has, in addition to her importance as a "Mother Country," a sympathetic understanding of the Latin mind which offers good opportunities of British liaison with the Latin states.

Disagreement between London and the Dominion capitals is not only to be expected on some matters but proves to be positively useful for the effective realization of British aims on questions of primary importance, since it prevents the Dominions from being treated simply as additional British spokesmen on the League. There is always more or less consultation among the delegates from the Dominions, both with each other and with the British delegates, though hardly more than takes place among other groups like the Little Entente and the Latin and the Scandinavian blocs. It is usually of a very informal type and never consists of a conference in London before the delegates reach Geneva. At Geneva there are as many meetings as the occasion requires. Whenever the Labor Party is in power in England there is apt to be something like a continuous session in Geneva of the members of the British Commonwealth of Nations (when the League Committees or the Assembly itself are not sitting). Sometimes skeleton conferences of the British Commonwealth are going on even while the League is at work.

This habit has in the past been due to the valiant efforts of the Labor Government to carry the Dominions with it in adopt-

ing sweeping changes of policy toward the League. The first of these efforts centered about the Geneva Protocol for the Pacific Settlement of International Disputes which the Labor Party backed in 1924. It became evident at that time that not all the Dominions were going to follow this lead, particularly after the "Japanese Amendment" had raised the old bogey of a clash over immigration. Senator Dandurand appeared to have been converted, but Ottawa was not. Australia was hostile, and New Zealand, embarrassed by her traditional loyalty to the British lead, prayed strongly for a change of government in the mother country. South Africa was suspicious and uncertain, and so was the Irish Free State. The demise of the Labor Government in Great Britain put an end to that dilemma, since the Conservative Government was even more eager to bury the Protocol than were the Dominions.

But the problem remained to some extent to complicate the Locarno Treaties, which the Conservatives offered to the world as a substitute for the Protocol. Canada, by refusing to place the Lausanne Treaty before Parliament for ratification, had already given a warning that she could not be led by purely British policy into "European entanglements." The lesson was accepted by Great Britain and incorporated into exemptions written into the main Locarno Treaty; these absolve the Dominions that do not choose to adhere to it from any positive obligations under the Treaty. Not a single Dominion has adhered, although there is an ambiguous statement added to the Balfour Report to the effect that the Conference wished to record that it had "heard with satisfaction" the British Foreign Secretary's statement of the efforts made in the Locarno Treaties to ensure European peace, and that it "congratulated His Majesty's Government in Great Britain on its share in this successful contribution towards the promotion of the peace of the world."

There is no want of Cassandras to prophesy that these divergencies on crucial matters of foreign policy mean that the effective unity of the Empire has disappeared. But it may well be that the Locarno method of negotiation was the only possible way to free Great Britain from an intolerable drag on her relations with European Powers. Up to 1925 there was a marked tendency on the part of England to back away from the problem of security left over from the peace treaties. At least a partial factor in this recession was the necessity which existed under the "united

front" theory of imperial unity. The Dominions had sufficiently indicated their unwillingness to go as far as was thought essential by England. While their Prime Ministers were in Paris in 1919 they had made it clear that the abortive Security Treaty between France, Great Britain and the United States should contain a provision exempting the Dominions from positive obligations, similar in its principles to the clause later inserted in the Locarno Pact. At that time Great Britain had accepted the principle by signing the Treaty in this form, though it was of course not ratified.

The difficulties imposed upon British policy during the interval between the two Treaties of Mutual Guarantee and Assistance arose from an attempt on the part of Mr. Winston Churchill and others to draw the Empire closer together in foreign affairs. The meeting of Prime Ministers in 1921 was ambitiously but quite inaccurately termed "the Imperial Peace Cabinet" instead of a mere conference. It was obviously the hope of Great Britain to get the Dominions committed to joint action, guided by the British Foreign Office, in all matters of "high policy." After the reception accorded to the broadcast appeal for solidarity against the Turk at Chanak in 1922 and the equally positive attitude of refusal of obligations under the Lausanne Treaty of 1923, the 1919 policy of exempting the Dominions was revived at Locarno. In substance a united front can still be expected, for the Dominions can hardly stand aside if Great Britain is vitally involved through carrying out the Locarno Pact. The hands of the British negotiators are considerably freed by this procedure, without serious loss of Dominion support.

The Dominions have insisted upon separate invitations for their delegates to conferences where united action seemed imperative to the Dominions as well as to England. Although separate invitations were not sent them for the Washington Conference in 1923, the Dominions were separately represented, as they were also at the Reparation Conferences at Genoa, London (for the Dawes Settlement), and The Hague (for the Young Plan), and at the Geneva and London Naval Conferences in 1927 and in 1930. Separate invitations were extended to them for all the later conferences. The Dominions also successfully urged their right to sign the Kellogg Pact separately with full powers, though their victory in having notes addressed to them as individuals by the United States Department of State was minimized by the inclusion of India on the same terms.

When the Labor Government in Great Britain returned to power it had the question of the signature of the Optional Clause under Article 36 of the Statute of the Permanent Court of International Justice to deal with. Although Canada, the Irish Free State and the Union of South Africa had, after much hesitation, come to the conclusion that they could accept the compulsory jurisdiction of the Court under the Optional Clause, they were precluded from taking separate action by an agreement which had been reached at the 1926 Conference. For nearly three weeks the Dominion and British delegates at the Tenth Assembly of the League in 1929 strove to agree upon a formula of reservations which they could all sign, the assumption being that on this point uniformity of action was essential. Agreement proved to be possible on all the reservations, except so far as the Irish Free State was concerned.

The British reservations have recently been set forth and defended in a White Paper [7] which caused a considerable stir in the American press because of the supposed implication that even American neutrality was made impossible by the Kellogg Pact. But interesting as they are because of their sweeping character, they need not detain us here except to note that several of the Dominions were insistent upon an explicit statement that matters of domestic jurisdiction — *i. e.*, immigration, tariffs, raw materials, etc. — were not to be included in the disputes to be considered as justiciable by the Court; and also that the British Foreign Office was insistent upon the inclusion of a reservation which would except disputes between the members of the British Commonwealth of Nations from the compulsory jurisdiction of the Court. This no doubt was primarily aimed at preventing the Irish Free State from using the Court to raise issues like the interpretation of the Irish Treaty or the Boundary Agreement, or even the pending dispute over the Lough Foyle fisheries. The Irish refusal to accept such a reservation, and disagreement as to the necessity of the other reservations, led the Free State to affix a separate signature in advance of the other members of the Commonwealth.

The explanation which Foreign Secretary Henderson gave for the reservation regarding *inter se* disputes, at the time of his signature on September 19, 1929, appeared not to have been spe-

[7] See memorandum on the Signature by His Majesty's Government in the United Kingdom of the Optional Clause of the Statute of the Permanent Court of International Justice. Cmd. 3452, 1929.

cifically included in the matters agreed upon in previous consultation, although it was simply a reiteration of the Balfour Report's conclusions on this point. At any rate it caused Mr. Eric Louw, then High Commissioner for the Union of South Africa in London and now Minister to the United States, to draw up — after Mr. Henderson had spoken and before his own turn came to sign — a further explanation, as follows: "With regard to the reservation as to disputes between members of the British Commonwealth of Nations, I wish to state that, although in the view of my Government such disputes are justiciable by the International Court of Justice, my Government prefers to settle them by other means — hence the reservation." This was a support at least for the principle which the Irish Free State had been asserting, as it accepted the claim that the relations between members of the British Commonwealth were international relations of such a nature as to permit their scrutiny by the Court if not by the League. Much that has been said in South Africa by General Hertzog and other responsible leaders of the Nationalist Party would also support the Irish thesis to its extreme limits.

Canada's position on this reservation was awaited with eagerness at the Assembly, since at the present time she seems to hold the balance of power either in restraining the South African and the Irish Governments or in forcing concessions from the British Foreign Office. Along with Australia, Canada had not yet instructed her delegates at the League to sign when Great Britain, India, New Zealand and South Africa signed at a specially arranged ceremony. Two days later, however, the Canadian delegates were able to sign with the British reservations, to which Senator Dandurand added an interpretative explanation of the greatest interest: "The Dominion of Canada has excluded from the purview of the Court legal disputes with other members of the British Commonwealth for the sole reason that it is its expressed policy to settle these matters by some other method. And it has deemed opportune to include its will as a reservation, although a doubt may exist as to such a reservation being consistent with Article 36 of the Statute of the Court."

The first part of this explanation seems to support the principle advanced by Mr. Louw. As for the doubt expressed in the second part, Senator Dandurand explained it in interviews afterward to mean whether the language of Article 36 would permit the exclusion of *special states* or *classes of states*, although the

article clearly did permit the exclusion of *classes of disputes*. The point raises the interesting question of the validity and the effect of these reservations. The British White Paper previously alluded to suggests that if the reservations are invalid the whole signature is invalid. Senator Dandurand, on the contrary, expressed the view that it would be within the competence of the Court to examine them, thus raising at least a theoretical possibility that the Irish Free State, which has not accepted such a reservation, might still be able to bring the validity of the reservations, and then an actual case, before the Court. The officially announced intention of the Irish Free State to render appeals to the Judicial Committee of the Privy Council useless, through nullifying legislation, shows that the method of judicial settlement within the Empire will not be accepted unless some radically new form of imperial court is devised.

From the British point of view there seems to be little except a principle at stake in this, just as in the matter of neutrality. At present Great Britain's record of settlement of disputes with the Irish Free State by means of what are really diplomatic negotiations has been one long history of concessions to the Free State. She might be able to take a very much stronger line with success if the Court could actually be invoked. Of course there is her imperial prestige to be considered and the dangerous character of precedents which might be used by India at some future date. But granting all this, and also the dubious assumption that such litigation before an international body would develop family feuds instead of extinguishing them, we may still question whether she has not more to gain than to lose by permitting to the Dominions whatever use they choose to make of their position as members of the League and of the Court — subject always to the agreement that there should be prior consultation and efforts at settlement.

At the present time the British attitude toward the use of the League or the Court for *inter se* matters is not without a bearing on the question of whether the Dominions are to become "international units in the fullest sense of the term," as Mr. Henderson claimed they were in his explanation of the British reservation. For if the fact that they "are united by their common allegiance to the Crown" means not only, as he went on to say, that "disputes between them should be dealt with by some other mode of settlement," but that no international conventions are applicable

as between the members of the Commonwealth, other states may be excused for raising a skeptical eyebrow at this British defiance of logic.

The Irish Free State has been so far from accepting this view of the nature of the Crown that she has persisted in raising difficulties over the form of signature for international conventions (under which Great Britain used to sign with full powers for the Empire, while the Dominions were grouped together below this signature). Indeed, she actually raised before the International Labor Organization at its twelfth session (May–June, 1929) an alleged violation by Northern Ireland of the "equality of treatment" provisions of the Unemployment Relief Convention; and, although she did not lodge a formal protest, she requested the International Labor Organization to obtain assurances from Great Britain that steps would be taken to repeal the requirement of three years' residence in Northern Ireland before benefit might be extended through the Unemployment Relief Act.

It was to make impossible any future assertion of an international status for the relations between the members of the Commonwealth that the Balfour Report declared that all treaties — except mere agreements between governments — should in the future be made "in the name of the King as a symbol of the special relationship between the different parts of the Empire." In effect, this means that only the Crown can act for any part or all parts of the Empire, except where minor administrative agreements are made between the governments of members of the Commonwealth and foreign governments. This ensures two things: first, that all treaties come to Great Britain for final ratification; and second, that, as the Crown cannot quarrel with itself, no *inter se* relations can have any international status. The unity of the Crown would thus make unnecessary the inclusion in further international conventions of an *inter se* clause of exemption.

Does the Balfour Declaration destroy the international validity of international conventions which had previously been concluded without *inter se* reservations and under a separate "Heads of Governments" form? That suggestion has been advanced by Professor P. Noel Baker, M.P., whose connection with the Labor Government makes his opinion interesting. But there is no ground for believing that an announcement of policy of a quasi-constitutional nature can alter international

conventions, of any date, without international recognition of its validity.

If the validity of the Balfour formula goes unchallenged by foreign powers, it will probably have curious repercussions on the position of the members of the British Commonwealth in the World Court and in the League Council and possibly elsewhere. This became apparent when Sir Cecil Hurst attempted, at a meeting of the Fourteenth Session of the Committee of Jurists on March 19, 1929, to get a recognition of the right of the Dominions to have judges of their own nationality on the Court when they were interested parties. He argued that the presence of a judge of British nationality already on the Court should not preclude the presence of Dominion judges, since "an Englishman did not possess Canadian nationality and vice versa." Therefore Articles 26, 27 and 31 of the Court's Statute should permit the addition of Dominion judges, as those privileges of separate nationality were already enjoyed under Articles 4 and 10. He might have added, too, that a Canadian national now sits on the Council at the same time with a British representative.[8]

The reception which this request obtained showed that other nations were not prepared to allow the members of the British Commonwealth to have their cake and eat it too. M. Politis led off with a counter-attack to protect the smaller states from what he feared would mean a packing of the Court by "combinations of states such as the British Empire . . . the members of which were bound together by certain ties, the nature of which it would be difficult to define." Instead of considering each Dominion as entitled to a judge where their common interests might be involved, he proposed to complete Article 17 of the Statute "to make possible for the parties to a case to object to the presence of, for example, an English or a Canadian judge when they were in dispute with a Dominion."

Although both M. Fromageot and M. Raestead were better disposed to the proposal than M. Politis, they saw certain difficulties against which Sir Cecil's plan, taken without qualifications, offered no safeguards. M. Raestead raised the very point now at issue between the Irish Free State and Great Britain as to whether

[8] The Canadian Nationals Act of 1921 was passed specifically to differentiate Englishmen from Canadians in order to make Canadians eligible for the Court. But Sir Cecil would be hard put to produce legal support for the "vice versa" part of his statement: Canadians *do* possess British nationality, and so do all British subjects — though not all British nationals are Canadian nationals, even if they settle in Canada.

there was not a sufficient constitutional bond of community in the Empire to prevent a dispute between members of the British Commonwealth from being brought before the Court. Sir Cecil was forced to reply that the British view was that relations between the units of the British Empire were different from their relations with foreign states, since the former "were not international." The Japanese delegate, M. Ito, although professing with Oriental suavity to be much embarrassed by the lack (and perhaps the unavailability) of sufficient information regarding the complex structure of the British Empire, was nevertheless certain that in international relations Australians and Canadians possessed only British nationality. He felt it dangerous to adopt Sir Cecil's views. In the face of this opposition Sir Cecil Hurst thought it wise to withdraw his request for committee action. It is noteworthy that the nearest thing to support that he received came from the United States' delegate, Mr. Root, who merely stated that, without wishing to reopen the discussion, he would like to place on record the fact that the United States had "recognized the separate international personality of the Dominions by exchanging Ministers with Canada and the Irish Free State."[9]

Obviously this episode, if one takes into account not only the importance of the spokesmen involved but the potential bearing on the future influence of the Dominions in world politics, has more significance than to be rated as merely another of the numerous passages at arms between Sir Cecil Hurst and M. Politis. As the Greek representative is not probably ignorant of recent progress in Dominion status, his attitude seems to indicate an unwillingness to recognize the international validity of the British formula. It possibly throws some light also on the highly interesting question of the attitude of the Powers toward the even more important question of whether or not at the present time the vote of Canada should be allowed in the Council in a question affecting, say, a dispute between France and Great Britain. Would not Canada, too, be an interested party? In 1920 the answer to this seemed clear to everyone, including Canadians; or clear to everyone except certain Senators of the United States who saw in the separate Dominion votes in the Council a possibility of hold-

[9] It may be not without significance that, in the Protocol for the Revision of the Statute of the Permanent Court, the Dominions now appear in alphabetical order among the other states, and are not grouped according to the Balfour formula. (Cmd. 3453, 1929.)

ing up all action in the event that the Council was about to move against Great Britain. At that time Mr. Rowell, the Canadian Minister of Justice and delegate to the League of Nations for the first Assemblies, answered this hypothetical problem by stating: "Canada owes allegiance to the same sovereign as Great Britain, and so long as she continues to do so she would be a party in the interest and disentitled to a vote (under Section 6 of Article XV). If she disclaimed her interest and claimed the right to vote she would thereby proclaim her independence."[10] But the answer now is hardly so clear as it was in 1920; Canada is actually on the Council.

The obvious difficulty arises here, as in all other matters which are affected by the peculiar status of the Members of the British Commonwealth, from the fact that much depends on the particular circumstances under which such an issue might arise. It is hard to lay down a fixed rule. Canada is "British" on any issue vitally involving the peace of the Empire. Yet in many other types of disputes the presence of Canada on the Council or on the Court would be a positive advantage to all parties to the dispute, just as in many types of international conventions of an economic or of an administrative nature it is entirely possible to omit any *inter se* reservation without causing any conceivable jeopardy to imperial interests even without the Balfour formula.

But international relations, wherever they assume legal form, tend almost of necessity to become stereotyped, in order that some *uniform* method of fixing responsibility may give legal security. The League, like the Empire, has up to the present wisely refrained from pressing some questions to a conclusion in the hope that each will follow the rule: *solvitur ambulando*. Yet as the legal tissues of reciprocally assumed responsibilities grow more complex in international relations, some definition of the position of the Dominions will be essential. Are they a League of fully responsible and independent states, subject in their foreign policies only to the considerations imposed by an entente symbolized as loyalty to the same King? Or is the Crown an indivisible legal unity, acting in common concerns only by unanimity and with only the whole British Commonwealth of Nations a fully competent unit internationally? Or is Great Britain always the government ultimately able to advise and control the Crown, and hence still imperial sovereign of the

[10] *Morning Post*, Feb. 4, 1920.

Commonwealth? If the second theory be the line of development, it will impose limitations equally upon Great Britain, whose freedom of action might be seriously compromised. The third is indubitably the simplest legally, but it does not fit the facts. The development of the Dominions considered as members of the League seems to be in the direction of the first.

Whatever the issue may be, decline or rebirth of the unity of the Empire, one is safe in the assumption that the nations in the British Commonwealth have moved too far along the new road to turn back to mere British supremacy. As Kevin O'Higgins put it: "The British Empire of Queen Victoria and John Mitchell is as dead as that great Queen and that great statesman." Since the middle of the nineteenth century British Liberalism has advanced the Empire far toward the art of governing by mutual consent, by compromises and adjustments of interests. The Labor Party has entered into this heritage with enthusiasm. If the newer fashion of substituting international judicial settlement for trial by arms is to be at all permanent, it will entirely change the world conditions in which the British Empire has to exist.

But this linking of the British Commonwealth and the League of Nations is perhaps tending to leave out of account two other matters of practice which have an equal importance in shaping the development of the relations of Great Britain and the Dominions with each other and with foreign powers. The first is that Great Britain alone is responsible for the government of that vast Empire where her acts are still truly imperial. It includes every shade of dependency which political ingenuity has been able to devise — army rule combined with dyarchy and diplomacy in India, the lion's paw still held on Egypt, and colonial or "protected" bases for British exploitation of the tropics or for her sea-borne trade. The defense and the rule of this Empire Great Britain does not share with the Dominions, though she has never yet prevented them from free access to its riches, and they have in great crises come to her aid. At present her relations with India and especially with Egypt are somewhat complicated by the claim of Australia to a share in any determination of the future status of these two areas of British difficulty, as well as the future of the naval base at Singapore. Will Great Britain, in dealing with her dependencies, require a completely free hand? Can she allow the Union of South Africa or India to hold up her settlement of the problems of Kenya Colony and of the whole of

East Africa? Or let Canada determine with her the future of the West Indies? Consultation, of course, and coöperation. But when ultimate determination is to be made, will it not be on her own responsibility?

If it is, it will mean that she will have to concede to the Dominions that the "Council of Empire" idea has broken down in a very important part of its functioning. The Commonwealth will not be a super-state erected over the dependent Empire. Great Britain alone will bear the burden of that Empire, and its responsibilities. She may find, too, that the relations which she has with the rest of the world, particularly with Europe and with Russia, do not permit of joint action with the Dominions, as in the Locarno Pacts.

Coming now to the third matter of practice which is shaping the outlines of the new British Commonwealth, do the Dominions enjoy as much weight outside of the League as they do inside? Do they enjoy in the ordinary unilateral diplomatic relations between states such privileges as they have won in the multilateral relations of international conferences? The answer, so far as practice to date can give it, is yes. Wherever they have cared, for reasons of trade relations or prestige or sentiment, to have ministers accredited, these have been named on the advice of their own governments, and appropriate letters of credence have been furnished. Australia and New Zealand have not enough commercial contacts to warrant the window-dressing of ministers plenipotentiary in addition to their trade commissioners: they are both content to use "informal diplomacy" to work out "gentlemen's agreements" on immigration, and for their other contacts to use the British diplomatic channels. But the Irish Free State, in addition to its minister at Washington and its advisory representative to the League at Geneva, now has opened legations at Paris, Berlin and the Holy See. Canada has legations in Washington, Paris and Tokyo, and a Geneva representative. The Union of South Africa not only has instituted a representative at Geneva, and legations at Washington, The Hague and Rome, but has also named the first Dominion consul-general, one to Lourenço Marques, to take care of her intimate railway and shipping interests in the Portuguese East African port.

In their letters of instructions, the Dominion diplomats no longer have the limiting phrases "exclusively" and "only" coupled with the name of the Dominion which they represent in

order to designate the affairs to which their competence extends.[11] The British Ambassador is to consult with them on all matters of common concern, so that they take on somewhat the aspect of a college of diplomats on Commonwealth affairs. They get their working instructions straight from their own ministries of external affairs.

What sort of juristic structure do these facts argue? For the personal-union theory, there would be some additional support in the fact that the Government of the Irish Free State successfully insisted upon having *only* the signatures of the members of the Royal Family on Mr. MacWhite's letter of credence, although the Regency Council which functioned during the illness of the King included a British Prime Minister and the Archbishop of Canterbury. But the existing law undoubtedly does not permit Dominion neutrality, nor can it be doubted that the Crown is not directly advised as yet by the Dominions. Ultimately, the machinery of Empire, like its power, still rests to a great degree in the hands of British ministers. The crucial test of whether the machinery is more than formal would come if, for example, De Valera as President of the Irish Free State Council should advise the King to accept the secession of the Irish Free State.

But the practices which are rapidly becoming conventions of constitutional usage to meet the everyday working strains on inter-imperial relations seem to mean that Dominion advice is automatically accepted on matters which affect only that Dominion. The shadowland of indeterminate outline emerges when we ask, Who shall determine what are matters of common concern, and who, finally, shall say how they will be settled? The one answer so far is afforded by the magic propensities of the word "consultation." Persuasion will, one is told, do away with the necessity of suasion. And as the legal forms still do insure consultation at some stage of the proceedings before the Great Seal is applied, there is good ground for hoping that no divergence of advice over treaty-making need arise so formidable as to test whether or not the British Cabinet can prevent the ratification of a treaty. The legal forms are still those of a super-state controlled by Great Britain. The practice is that of a League of States,

[11] This was the case with the first Irish Free State Minister to the United States. Some doubt apparently existed in the mind of the Secretary of State at the time of issuing the invitations to sign the Kellogg Peace Pact as to whether the matter "exclusively" concerned the Irish Free State.

bound by an entente to seek common solutions on matters of joint interests, even at the cost of delaying action.

This element of delay, which is an unavoidable feature of a system in which personal conferences between prime ministers can be counted upon only at Imperial Conferences every three or four years, is the serious difficulty. Distance and the inevitable growth of nationalism — what Turgot called the ripening of colonies that makes them drop off the mother tree — have made all plans for a federal parliament for the Empire visionary. Neither Joseph Chamberlain's "Great Council of Empire" nor the more elaborate scheme of Lionel Curtis and his *Round Table* associates was ever within the range of possibilities, if only because the relations of such a body with the Mother of Parliaments offer insuperable difficulties. But if consultation between conferences is to be at all workable it must depend upon some more satisfactory interchange of views than is possible through telegrams or letters from prime minister to prime minister, or even the very useful Dominions Information Service maintained by the Foreign Office, and posted through the Dominions Office. Through the latter the Dominions are kept informed of the main outlines of British foreign policy which would interest them, but references to general principles and policies are necessarily omitted. The High Commissioners in London for the Dominions do not attempt to keep in touch with the Foreign Office, although in other respects they are taking on a more diplomatic status.

If consultation comes to be relied upon instead of the guidance of the Foreign Office and the Dominion Office, perhaps the machinery of consultation may be taken more seriously. There seems to be no valid reason, except a lack of political pressure to force the issue on politicians, why the British League should not set up a council meeting of its own members every year in London, utilizing its Geneva delegations. Nor, except for inertia and the suspicion left as a heritage from the days of British political supremacy, is there any reason why the numerous imperial services for which London now pays — such as the Imperial Economic Committee, the Empire Marketing Board, the Empire Shipping Board, the Imperial Institute, and the endless special conferences — should not be organized like the Secretariat of the League of Nations and supported also by Dominion contributions, as is already the case with the Imperial Agricultural Bureaus.

Only if the British League takes a hint from the more inclusive

League of Nations, it may be hazarded, will the coöperation develop which will make easier the difficult partnership that England has undertaken in letting so many junior members into the firm. On economic grounds, indeed, this is probably the one hopeful line of development. Or it may be that Great Britain will remain quite willing to pay the piper for all the imperial services which she now supports unaided, in order that there may be no doubt as to who shall call the tune.

THE CATHOLIC PRESS IN ITALY

By Irene di Robilant

SINCE last November the *Osservatore Romano* has ceased to be numbered among Italian daily papers. It has retained its old name and continues to be published in the Italian language, but it has moved to its new quarters in the Vatican City and therefore is no longer subject to the Italian press laws. Its principal editor, Marquis Giuseppe Dalla Torre, has relinquished his Italian citizenship so as to be counted among the 500-odd subjects of His Holiness the Pope; and though the Vatican already publishes the *Acta Apostolicae Sedis*, this Latin gazette is really in the nature of a house organ, and the more elaborate *Osservatore* seems destined to be the Vatican publication which will secure a world-wide even if not very large circulation.

The outward appearance of the *Osservatore* has been little modified since it left Italian soil. As always, it carries the Papal Arms and the two mottoes — *Unicuique Suum* (To each his own), and *Non Prevalebunt* (They shall not prevail) — and is described on the heading as a political and religious daily. In the notice for subscriptions, Italy is listed separately from the Vatican City. The "City News" refers only to the Vatican, and on the days in which no pilgrimages take place the editor of that department has a very easy task. "News from Italy and other countries" occupies the third page, and it is interesting to note that events which secure headlines across the border are often relegated to an inconspicuous corner.

The *Osservatore* has a new printing plant, and it is now endowed with such ample means that it is able to maintain its own representatives in every country of the world. In fact it not only gives far more space to foreign news than does any other paper published in the Italian language, but it strikes an entirely different note from that sounded by the somewhat uniform Italian press.

With one possible exception, the *Osservatore* is probably the only paper described as Catholic and printed in Italian that will continue publication in the Italian peninsula. The editors of Catholic newspapers had hoped that the signing of the Lateran Treaties would signify better times for their hard-pressed group, but they were disappointed. The *Momento* of Turin and the *Corriere d'Italia* in Rome have recently ceased publication. The old and famous *Unità Cattolica*, founded in Florence in 1862, has been transformed into a weekly, and most of the other survivors may be expected to disappear within the next few months.

In examining the situation and the history of the Italian Catholic press one must bear in mind that the word "Catholic," as applied to newspapers, political parties and even organizations, conveys a very different meaning in Italy than is the case in other countries, particularly the United States. Purely theological interest is rare among Italians, and though a non-Catholic Italian is an exception, it has often been pointed out that in comparison to other nations Italy has made meagre contributions to ecclesiastical studies and research.

Almost every Italian is christened, confirmed, married and buried according

to the ritual of the Catholic Church. He associates it with the traditions of family and homeland which are most dear to him, and he has never known any other. But Italians are not called upon to give financial support to their churches. There are no family pews or contributions for seats. The poor look to the Church for aid, while the attention of the wealthy is directed to charities in which the Church may or may not be interested. Since Italians are not called upon to take up a defensive or propagandistic attitude in regard to their faith, papers founded on religious discussion could hardly hope for any great circulation or influence. Hence, the term "Catholic" is applied by Italians of the Catholic faith to other Catholics who represent some particular political and social views which are said to be based on the principles of the Catholic Church. These latter endeavor to have the laws of the land in matters regarding education, marriage and worship made to coincide with the dictates of Canon Law.

At all periods of Italian history the "Catholics" (understood in this sense) have supported certain political principles. In 1870 the fact of being a "Catholic" signified disapproval of the action taken by other Catholics, such as Cavour and Victor Emanuel II, with whom the Roman Question originated. The "Catholic" papers of those days, such as the *Osservatore Cattolico* in Milan and the Jesuit *Unità Cattolica* in Florence, denounced the King as a usurper and upheld the edict issued by Pope Pius IX to the effect that no good son of the Church could participate in the political life of the Italian Kingdom and swear allegiance to its sovereign.

The editor of the *Osservatore Cattolico*, Don Davide Albertario, whose fiery editorials conveyed a sense of political passion more than of religious conviction, was the leading figure at that period. In 1898 he was accused of fomenting revolt and imprisoned. The liberal Catholics failed to come to his aid, and it is interesting to note that a protest regarding his arrest was issued by the newly formed Italian Socialist Party, over the signature of the still youthful leader, Filippo Turati.

Albertario was succeeded in the political battle by Filippo Meda, one of the first Catholic deputies to enter the Italian Parliament and a leading figure in Italian public life in the years preceding the war. Meda was too young for the events of 1870 to have left any deep impression on him. Although belonging to a very devout family, he was educated in a public school and took a degree in law at the Royal University of Bologna. Italian unity was for him an accomplished fact, and while still very young he had come to believe that the event might in the end prove to be of signal benefit to the Church; his theory was that once it had been liberated from material cares and limitations it would be able to give all its attention to spiritual matters, with increased influence not only in Italian but in world affairs.

At the time, the Church was confronted with a new problem. The doctrines of Karl Marx were spreading far and wide. The Italian Socialist Party had developed rapidly and was gaining ground not only among the working people of the great cities, but even in the agricultural regions which were the stronghold of the Church. Pope Pius IX had condemned "socialists, liberals, masons, modernists and all such pests," but his able and broad-minded successor, Pope Leo XIII, realized that dogmatic condemnations were not enough and that it

was necessary for the Catholics to compete with the Socialists on their own ground.

In 1891, therefore, Pope Leo XIII published the Encyclical Letter known as "Rerum Novarum," in which for the first time in history a Pope discussed the conditions of the working people. He urged Catholics to unite, not only in alleviating their sufferings but in studying the laws regulating the relationship between capital and labor, so as to find out if the working man was fairly treated, and to aid him to defend his rights through organized action. To some extent this was the origin of the sociological program which was to be developed, first by the early Catholic societies, then by the Populist Party, and at present by the great organization known as the Catholic Action.

This of course opened up a vast field for the Catholic press. The political and sociological character of the new publications which sprang up was emphasized by the fact that they were issued mostly in northern Italy, and prospered in those centers where the Socialists had made the greatest headway. It is true that Rome had the *Osservatore Romano*, but the semi-official character of this sheet was responsible for its apparent detachment from matters of local and political interest; it never took part in heated polemical discussions and simply upheld the general principles on which the Church differed from both Socialists and Liberals, particularly in regard to agnostic schools and the introduction of divorce into the Italian code. Only in 1907 did a political Catholic paper, the *Corriere d'Italia*, make its appearance in Rome, while southern Italy, where the religious sentiment is the strongest and political and class consciousness the weakest, had no newspapers which could be described as Catholic.

Once the compromise had been found whereby devout Catholics might enter political life the field lay open for the organization of a Catholic party. It took form shortly after the World War and rapidly rose to a spectacular success under the able leadership of Luigi Sturzo, a Sicilian priest. The Catholic press simultaneously assumed a novel importance as the organ of a political party — with the exception, of course, of the *Osservatore*, which followed the policy of the Holy See in remaining outside and above political discussions. The *Italia*, a well organized and in every sense a modern paper, replaced the *Unione* in Milan, and even Sicily boasted an unpretentious Populist paper.

The days of Davide Albertario were indeed ended. While the Catholic press expressed fervent hopes that the Roman Question should find an adequate solution, the "usurper" was spoken of as "our well-loved sovereign," and the patriotism of military chaplains and of Catholic writers who had fallen in the war was extolled. The fight against modernism waged by Pope Pius X had made Catholic journalism lose some of its ablest writers, and Luigi Sturzo endeavored to replace them from among the returning soldiers. This introduced some new and valuable writers to the press.

The rise of the Fascist Party, with its gradual absorption of all the machinery of state, the strict enforcement of the new press laws, and even more the dissolution of the old political parties, spelt the end of a number of Italian publications. Naturally the Catholics were hit the hardest, next to the Socialists. About a year ago the total circulation of Italian Catholic papers was estimated at less than thirty thousand copies; and when we consider the drop in the circulation of all Italian daily papers the estimate appears to be accurate.

In the period which elapsed between the signing of the Lateran Treaties on February 11, 1929, and the discussion of their contents before the Chamber of Deputies and the Senate at the end of May, the Catholic press was exultant; it even seemed somewhat indiscreet in its jubilation.

In his speech before Parliament, Mussolini told the Deputies that within that period of three months he had ordered the suppression of more Catholic newspapers than at any other time; and it is certain that the interpretation which some of these papers gave to the various articles of the Concordat were such as to arouse the apprehension of all Italian liberals, as well as the violent wrath of some prominent members of the Fascist Party who had not outlived the anti-clerical principles which were so evident in the history of the Risorgimento and which were inscribed in the very birth certificate of Fascism. Mussolini endeavored to appease the clamor, and by strict censorship prevented the Fascist press from entering into violent polemics with the Catholic writers. On the other hand, he gave the irate members of his own party the satisfaction of denying that the "sacred character of the city of Rome" implied the closing of non-Catholic places of worship and the removal of the statue of Giordano Bruno.

It was not until the treaties had been ratified by the Senate that the Pope made any reply. His remonstrance and reservations were contained in the famous letter to Cardinal Gasparri published by the *Osservatore Romano* on June 6, 1929. This gave the Catholic press more courage, and in an article in the Jesuit magazine, *Civilta Cattolica*, Mussolini was indirectly reminded that Napoleon had signed a Concordat, but broke his word — and ended his life on the island of St. Helena. The issue was immediately suppressed, and when the author, Father Rosa, was sent on a mission to Spain many got the impression that the Pope was seeking to minimize all causes of friction. This seemed the more evident when Cardinal Gamba failed to secure financial assistance from the Vatican for the *Momento*, which soon ceased publication, being followed not long after by the *Corriere d'Italia* and the *Unità Cattolica*.

In weighing these actions we must bear in mind that when it decides on a policy the Church takes only centuries into serious consideration, and looks at the general outline of the world picture rather than at details of life here and there. To have obtained recognition as an independent and sovereign state, and hence to be enabled to deal directly with all foreign governments, was far more important in the life of the Church than were the details of the accompanying treaties.

We are perhaps justified in concluding that the Pope prefers to see the papers which formed the old Catholic Trust cease from publication rather than have them attempt to work out a compromise. Speaking recently to the parish priests of Rome, he lamented that the Government should not see fit to allow the words of the Pope to be printed by the Catholic press, "which we call ours only inasmuch as it defends and extols the Divine Truths for which we stand." After having thus severed his direct relationship with this press, he urged the members of his audience to perform, by both word and action, the service which the printing presses were not allowed to render, and he made clear that in this field of direct action he placed all his hope and confidence.

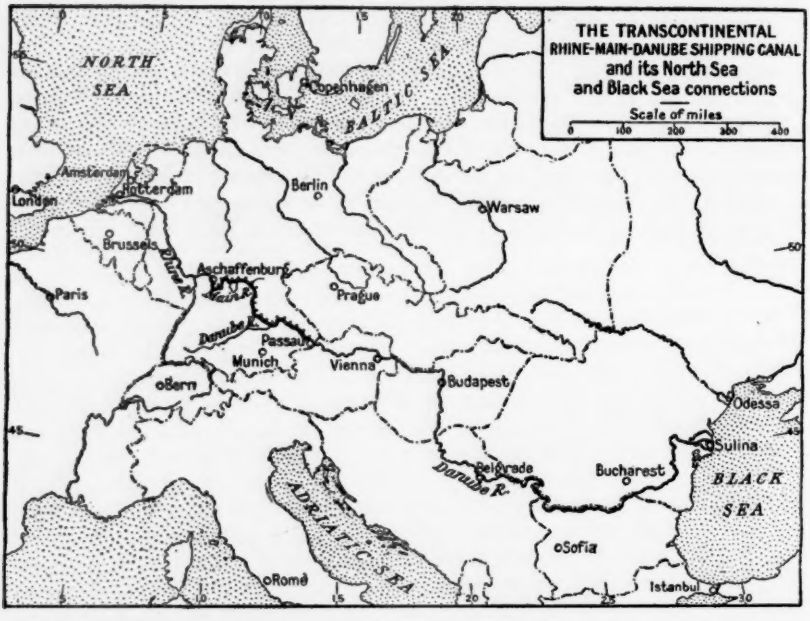
In Article 43 of the Concordat Italy recognized the legality of the organiza-

tions belonging to the Catholic Action, depending exclusively from the Church authorities and organized outside of all political parties for religious purposes. No other independent organization is recognized in Italy, and since the signing of the Lateran treaties its membership has grown by leaps and bounds. The Church officials and the *Osservatore* constantly emphasize the purely religious character of the Action, yet its spectacular growth can but be looked upon with apprehension by the Government. Past experience has demonstrated how difficult it is to draw a line of demarcation between the part which is due to Cæsar and that which is due to God.

The newspaper *Italia*, issued in Milan, is to become the official organ of the Italian Catholic Action, and as such it will probably modify its editorial policy and assume a semi-religious tone, thus avoiding open conflict with the authorities; but the latter will not fail to watch its columns and, if necessary, order the suppression of an issue. The *Osservatore Romano* alone, printed as it is on foreign soil, will escape all censorship. It is, however, too much concerned with the universality of the spiritual organization of which it is the spokesman to give much space to local Italian news, so that those who hope to find in its columns abundance of material not printed elsewhere are likely to meet with disappointment. This will not be because the *Osservatore* lacks the freedom to print it, but because that which appears to be a poignant drama to many millions of Italians is of relatively little interest to the Holy See.

THE RHINE-DANUBE CANAL

A CONSTANTLY navigable waterway through the heart of Europe, from the North Sea to the Black Sea, is now being constructed. Twice before it has been attempted. More than a thousand years ago Charlemagne tried to join together two tributaries of the Danube and Main Rivers, but geological conditions and heavy rains defeated his engineers. Nearly a century ago Ludwig I of Bavaria built a canal connecting the Main below Bamberg with the Danube at Kelheim. But this 107-mile canal, with its 100 locks and its capacity limited to 120-ton ships, went down to defeat before its latest competitor, the railroad; for while the upper reaches of the Danube and the Main are not al-

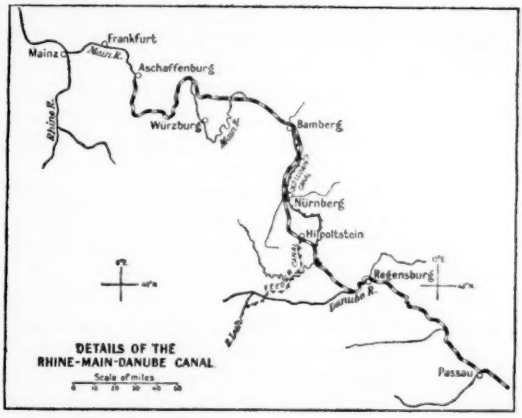


ways navigable, steam power is always on tap. And so the traveler through Nürnberg today sees from the train a deserted waterway.

Determined to overcome the obstacles that were fatal to their predecessors, twentieth century engineers plan to make use of the 388 miles of navigable river from Rotterdam to Aschaffenburg and of the 1,362 miles of the navigable Danube from Sulina to Passau, and to construct from Aschaffenburg on the Main to Passau on the Danube — a distance of 380 miles — a waterway navigable for 1,500-ton ships (i.e., the largest ships usually engaged in inland traffic). They will also give Augsburg and Munich shipping connections with the canal.

By a treaty signed in 1921 the German Government and Bavaria agreed jointly to construct a Rhine-Main-Danube waterway. The Rhine-Main-Dan-

ube Company, of Munich, was formed for the purpose, and the stock was subscribed to by the Reich and Bavaria, as well as by other German states, by cities along the Rhine and Main, and by the public; all loans to the company are jointly guaranteed by the Reich and the Bavarian Government. The American public is interested in the company to the extent of about $6,000,000. As the Main had already been canalized as far up as Aschaffenburg, the company first set out to canalize the river above Aschaffenburg and to regulate the Danube, so that these two stretches of river will be constantly navigable. When this work is completed, it will be necessary to cut a canal connecting the two rivers, and it is planned to merge into the new waterway parts of the Ludwig Canal, which is being considerably widened and deepened to meet the demands of twentieth century river traffic.



A channel with a minimum depth of six feet has already been completed for a distance of 100 miles above Passau, and a dam and double locks have been constructed at Kachlet. Canalization of the Main above Aschaffenburg is proceeding rapidly; a dam at Obernau, about six miles above Aschaffenburg, is already in operation, and three others, at Kleinwallstadt, Klingenberg and Kleinheubach, are now under construction.

In order to pass over the range of mountains separating the Main valley from the Danube, the waterway will have to accomplish a rise of nearly 1,000 feet from Aschaffenburg to the summit level, near Hilpoltstein, and then descend about 400 feet to Passau. This will be done by constructing 52 dams, and the locks will be so placed that ships will be able to proceed in the canal at an average speed of six miles per hour. In order to be assured of sufficient water for working the locks of this canal, a reservoir will be constructed at Hilpoltstein, to be fed by a canal about 45 miles long, which, crossing the Danube by aqueduct, will tap the River Lech below Augsburg.

From the financial point of view probably the most valuable asset of the canal is the hydroelectric power stations to be erected at 38 of the 52 dams. It is estimated that the profits derived from the sale of power will within twenty-five years pay off the construction costs of each plant, and thereafter will contribute annually to the amortization of the capital invested in the waterway itself. When all the power plants are in operation, they are expected to yield 1,475,000,000 kilowatt hours annually. The Kachlet plant, above Passau, consists of eight 8,000-horsepower turbines with an annual capacity of 275,000,000 kilowatt hours; this electrical energy is carried by cables to Nürnberg and

Furth. Each of the four power plants on the Main, mentioned above, has two turbines yielding between 18,000,000 and 22,000,000 kilowatt hours annually. With such a great source of electrical energy, Middle Germany, though far from good coal supplies, will soon enjoy plenty of power for her metallurgical and electro-chemical industries, and also for other industries and perhaps even for her railroads. Abundant electricity for industry will doubtless create new values for Austria also.

The total cost of constructing the waterway has been estimated at $185,000,000, and the annual operation and maintenance cost are put at $800,000. But as sections of the waterway are completed, they may (at the request either of the Reich or of the company) be taken over by the Reich, in which event the company will be relieved of operation and maintenance costs. The cost of constructing the power plants (which will pay operation and maintenance costs out of profits from the sale of power) is estimated at $70,000,000. They are to be operated by the company until the end of the year 2050, when they revert to the Reich without compensation. The present program of work calls for an expenditure of $32,500,000, nearly half of which is to be contributed by the Reich in ten annual instalments.

This trans-Europe waterway, with its western depot at London and its eastern depot at Sulina, at the mouth of the Danube, where freight can be transshipped for Russian, Turkish and Levantine ports, will be open to free competition to all countries. The Versailles Treaty declared the Danube international below Ulm (Art. 331), as also — were it ever constructed — the deep-draught Rhine-Danube navigable waterway (Arts. 331, 353); it also provided for "the free navigation of vessels and crews of all nations on the Rhine" (Art. 356). The Danube is administered by two international commissions.

Traffic on the Danube has never equalled that on the Rhine, which passes through districts much more highly developed industrially. But since the war the Danube has become much more important as an international highway. Seven independent states now have access to its waters, five of them possessing territory on both banks. For Austria, Czechoslovakia and Hungary it affords the only practicable and independent right of access to the sea. It has been estimated that the canal connecting the Rhine and the Danube would attract at least 10,000,000 tons of shipping annually. To handle this volume of traffic harbors must be extended and improved, warehouses and docks must be built, and railroad and trucking services must be improved. Czechoslovakia already possesses, at Bratislava (Pressburg), big modern docks, and Aschaffenburg and Budapest have considerable harbors. Passau and Regensburg are looking forward to enlarging their docks, and ports in Jugoslavia, Bulgaria and Rumania are planning improved accommodations.

The districts through which the canal will pass are mainly agricultural; but iron-ore deposits have been located in the highlands between Nürnberg, Bamberg and Baireuth, and the huge hydroelectric plants should, by encouraging the development of industry here, provide much traffic for the new waterway. Experts calculate that 48 percent of the total traffic on the new waterway will move westwards and 52 percent, eastwards. Germany will send to the Danubian states Westphalian coal, agricultural machines and artificial fertilizers (for both of which there is a great demand in the agricultural states of the

lower Danube basin), as well as other finished products of her industries; in return she will receive agricultural products, timber and oil. Hungary, Jugoslavia and Bulgaria will benefit by the cheaper rates of water transportation for sending their surplus grain up the river to Czechoslovakia and southern Germany. Before the war, the regions now contained in Czechoslovakia produced about 75 percent of the industrial output of Austria-Hungary; this must now be exported, and, as Germany offers no market, it should logically be sold in Hungary and the other Danubian states, rather than as now in countries far distant, often overseas.

But important as the waterway undoubtedly will be to the Danubian states, they will not benefit from it alone. France is interested in it because, in Alsace, she is again on the Rhine. Great Britain is interested, because of the possibilities it opens for the Levant trade and also for direct communication with the petroleum depots of Batum and Baku. Germany is interested, because she desires to revive her trade routes to the East, which is rich in raw materials. Ultimately, the waterway is of world importance, as affording a direct connection between the terminals of transatlantic shipping and the ports of the Levant.

NEW ZEALAND'S TROUBLES IN WESTERN SAMOA

By J. B. Condliffe

NEW ZEALAND'S governance of Western Samoa has been fraught with increasing difficulty and disillusionment. The capture of the islands in 1914 appeared to be a long-deferred fulfilment of the dreams of successive generations of New Zealand statesmen — Grey, Selwyn, Vogel and Seddon — all of whom saw their country as the natural leader of the island peoples. Their vision ranged as far as Hawaii, which even in 1897 Seddon urged both upon the Colonial Conference and upon President McKinley and Secretary Sherman as a rightful field for annexation by New Zealand. The failure of British statesmen to develop a Monroe Doctrine for the south Pacific caused chagrin in New Zealand, and vigorous protests were made to the Colonial Office as French, German and American influence extended there. Annexation of the Cook Islands in 1901 was small consolation.

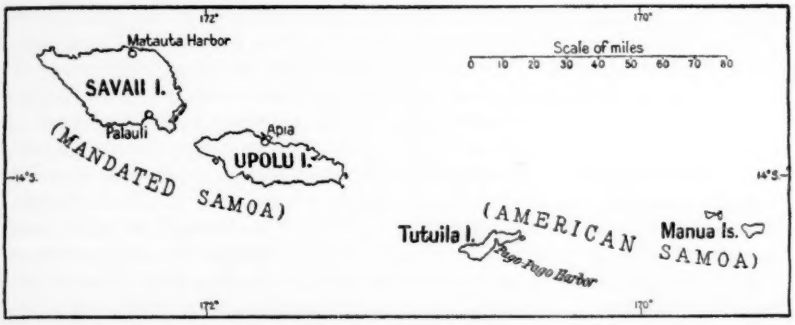
Trouble began almost immediately after the capture of Samoa at the beginning of the World War. The incidents of the first few years indicated that New Zealand had undertaken a more complicated task than she realized. The importation of more indentured Chinese laborers, which was strongly opposed by the Labor Party, and the liquidation and reorganization of the German plantations as a state enterprise struck at the foundations of Samoa's commercial progress. In 1918–19 official negligence allowed the influenza epidemic to enter the islands. The American Navy, which successfully fought the epidemic in American Samoa, proferred help; but its services were not accepted and thousands of natives died, leaving behind them a memory that years of effective public health work has failed to soften.

The Paris Peace Conference gave New Zealand a mandate over the island, and a period of calm succeeded the troubles of the war years. It lasted until 1926, when the New Zealand Administrator quarreled with a group of prominent European traders. There is ample evidence that energetic measures, especially in public health, were taken in this period. The New Zealand officials had the best intentions. Their mistakes were of method and understanding.

There can be no reasonable doubt that the more recent difficulties, which have just culminated in military intervention and a riot in which eight Samoans, including the high chief Tamasese, lost their lives, date from the agitation launched by disaffected white traders at a meeting held on October 15, 1926. From this meeting sprang both the Citizens' Committee and the Mau, or native league. The Citizens' Committee, headed by the Hon. O. F. Nelson, must bear a large share of the responsibility for arousing the natives, always prone to intrigue, to a state of rebellion and defiance of authority. It is a pity that they did not remember the wise old chief's remark to Robert Louis Stevenson: "I begin to be tired of white men on the beach."

Subsequent mishandling of the situation has now presented the Citizen's Committee with excellent material for agitation on behalf of the natives; but a dispassionate examination of the documentary evidence proves conclusively

that their original motives were personal hostility to the Administrator and defense of their commercial interests against his policy of state action on behalf of the natives. Their tactics have been condemned in scathing terms by a Royal Commission presided over by the Chief Justice of New Zealand, a condemnation which was subsequently endorsed by the Permanent Mandates Commission at Geneva. They find scant support even among the critics of governmental policy in New Zealand; but their propaganda is skilful and incessant. It is devoted mainly to keeping alive the rebellion in Samoa and to influencing public opinion in the United States. New Zealand opinion, naïvely self-conscious, chafes under the half-truths reproduced in certain American papers, knowing that the difficulties in Samoa are not really comparable with those faced by the United States in Caribbean countries and the Philippines.



On the other hand, the New Zealand administration of the mandate has displayed a lack of imagination and a curious failure to profit from the experience gained in handling Maori problems and administering the Polynesian people of the Cook Islands. It is probable that the world would have known little of these failures and that there would have been little overt discontent among the Samoans if the Administrator had not antagonized Mr. Nelson. Critics of the government and experts on Polynesian customs would have forced an improvement of administration without undue difficulty, if in the meantime the situation had not been embittered by an incessant campaign in which motives were often misrepresented. The Samoans today believe that New Zealand has forced upon them an expensive public health policy and a large debt, and recent incidents have convinced them that it is ruthlessly militaristic and vindictive. Public opinion in New Zealand, conscious of the best of intentions and mindful also of heavy subsidies to Samoa from the New Zealand Treasury, is puzzled by all this hostility. The hostility of the traders it recognizes as human, even if unscrupulous. There is some doubt as to the wisdom of a previous government's drastic action in deporting the chief agitators, thereby enabling them to pose as martyrs in the Samoan cause; but there is little real sympathy with them.

The chief critics of governmental policy within New Zealand are the Labor Party (opposed on principle to "strong" methods of government) and the leaders of the Maoris, who feel that there has been an almost complete failure

to understand the native situation. A typical expression of their view is contained in the following statement by Sir Apirana Ngata, who has since become Minister of Native Affairs and Minister in charge of the Cook Islands:

"Our policy is superb in its simplicity; our intentions, their justice and honesty, cannot be questioned by any tribunal in the world. Our methods may be seriously questioned by the anthropologist. . . . We have probably overestimated the receptivity of the Samoan mind. We have probably not sufficiently appreciated that the social structure of the Samoan people has not been uprooted as was that of the Maori nearly a century ago; that, therefore, it is not as advanced from a Pakeha standpoint as that of the Maori today. We have much to learn of their customs relating to land tenure. We do not thoroughly understand the status and position of their hereditary chiefs. We have not given ourselves sufficient time to learn about the Samoans from themselves before launching at them reforms which we think would be for their benefit because they have proved beneficial to their relatives here and in Rarotonga."

There is no disposition in New Zealand to evade the responsibilities of the mandate. One newspaper, indeed, has suggested that it would be wise to transfer the mandate to the Colonial Office, which is farther away, has larger resources of trained personnel, and is less susceptible to propagandist agitation. The notion fostered by Samoans in Hawaii, and by their ill-informed American sympathizers, that the United States should take control of all the Samoan islands, is obviously an international absurdity. The demand for self-government is almost equally naïve. The Samoans have displayed no aptitude for the kind of self-protection necessary in the modern world. New Zealand will retain the mandate and work steadily to remove the native grievances.

The government under whose unimaginative and unyielding régime the trouble began is out of office. A new Administrator and several new departmental heads have been appointed. The present government has steadily adhered to its policy of requiring submission to authority as a precedent to negotiation, but has thus far been met with a stubborn refusal. The recent unfortunate incident in which Tamasese and seven of his followers were shot down will undoubtedly prolong and embitter the dispute. But with such men as Sir Apirana Ngata available for consultation, and with the Labor Party holding the balance of political power, we may be sure that every effort will be made to bring about a reconciliation.

The initiative must lie with the authorities. It would seem wise for them to be a little less insistent upon the preliminary submission of the Mau before negotiation. Sir Apirana Ngata has stated in the House that in his opinion "the ideal would be to remove the majority of those who now govern Samoa." In the same speech he commented on the wisdom of going slowly and particularly of avoiding insistence upon rigid legality. "Imagine," he said, "the feelings of a Maori at the scion of a royal race being imprisoned in Mt. Eden jail for not paying a head-tax of about £2, while thousands of Maoris wander round New Zealand wallowing in debt. Of course I am only giving the Polynesian view."

Here is real understanding of the essential human elements of the problem. Moreover, public opinion in New Zealand is thoroughly roused and determined to remove the blot on its reputation. Prof. Siegfried twenty years ago commented on the vanity which characterizes public life in the Dominion. Not the

least element in that vanity has been the conceit that, of all native races, the Maoris have come best through the strain of adaptation to modern industrial life. Indeed, this was the chief reason why the Dominion urged that it be entrusted with the mandate for Samoa. Its self-respect demands that the present situation shall be remedied.

In the meantime the situation in this remote Pacific island raises into clear relief the problems involved in the successful working of a mandatory system. It is often suggested that the mandatory principle offers the best means for the government of backward peoples. Gilbert Murray has recently suggested that Britain recognize the general principle by tabling the reports on its colonial possessions for regular examination by the Permanent Mandates Commission. A realist might well ask, however, whether the experience of Syria, Palestine, Iraq, Southwest Africa, New Guinea and Samoa justifies the belief that mandatory government is even as good as government where a single experienced power has full control.

Recent events in Samoa raise anew the question as to what is the ultimate authority behind a mandate, and who chooses or changes the mandatory. It will be remembered that the representatives of New Zealand at Versailles demanded annexation and were persuaded to accept the mandatory system only when the mandates were divided into three classes, Samoa being placed in the third or "C" class, the one most nearly approximating annexation. A powerful body of opinion in New Zealand still holds that the mandate is derived from the Allied and Associated Powers rather than from the League.

The terms of the mandate are drawn without exactitude or legal precision. A New Zealand legal authority recently pointed out that they are "probably the most loosely drawn international agreements ever promulgated, giving the New Zealand Government greater powers over Samoa than over New Zealand itself." Legal examination of the documents in an important test case brought out the alarming fact that an act of the New Zealand Parliament may, for Samoa but not for New Zealand, contravene common law rights or accepted legal principles of the British constitution. Tamasese was committed to a New Zealand jail for not paying his taxes. A writ of release was applied for under section 12, cap. 2, of the Habeas Corpus Act of 1679, which stipulates that "no person shall be imprisoned beyond the seas." His counsel submitted that "the Mandate was a badly drawn and unfortunate document, so badly drawn as to be capable of many interpretations." The judge interpreted it as deriving from the League Council and therefore ruled that the Habeas Corpus Act, which had been contravened, did not apply.

This decision, like a famous mandate decision of the South African courts, will probably be of great constitutional importance to the British Commonwealth. It also raises the question of the ability of such a body as the League Council to supervise or control the mandatory in any real way. The Council has no body of law at its disposal and can invoke no sanctions beyond those of public opinion. Australia and New Zealand had already, in 1925, successfully resisted the suggestion that the Permanent Mandates Commission should have increased powers of investigation. In default of such machinery the mandatory system at present, in view of these legal decisions, would appear to come very close to a system of divided responsibility and indefinite authority.

SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

By William L. Langer

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General International Relations

THE LAW OF NATIONS. By EDWIN DE WITT DICKINSON. New York: McGraw-Hill, 1929, 1133 pp. $6.00.

An elaborate general treatment.

THE ETHICAL BASIS OF INTERNATIONAL LAW. By WILLIAM F. ROEMER. Chicago: Loyola University Press, 1929, 203 pp. $2.50.

A study of the ethical principles embodied in international law, with special reference to the peace problem.

THE UNITED STATES OF THE WORLD. By OSCAR NEWFANG. New York: Putnam, 1930, 284 pp. $2.00.

An examination of the American federal system, with a view to its applicability to the international problem.

THIS WORLD OF NATIONS. By PITMAN B. POTTER. New York: Macmillan, 1929, 385 pp. $4.00.

A general introductory survey of the present international scene, the methods of international relations and the organization of the world for peace.

SOCIAL PSYCHOLOGY OF INTERNATIONAL CONDUCT. By GEORGE M. STRATTON. New York: Appleton, 1929, 387 pp. $3.00.

The workers in the cause of international amity are constantly confronted with the problems that arise from national prejudices and traditions. In recent years several attempts have been made by brilliant writers to analyze the national mentalities of leading powers and to expose the subconscious factors operating among various national groups. The present book is the more interesting because it represents an attempt by a trained psychologist to approach the question as a problem of social psychology. Beginning with the larger racial groups, the author analyzes the origin and nature of racial prejudices in various stages of development, and shows how the fundamentals of national mentality are constructed and how they react upon national attitudes. In the latter part of the book the ways and means of modifying national outlooks are considered. On the whole it is a stimulating though not always convincing volume.

DOCUMENTS ON INTERNATIONAL AFFAIRS. 1928. Edited by JOHN W. WHEELER-BENNETT. New York: Oxford University Press, 1929, 254 pp.

The decision of the Royal Institute of International Affairs to publish each year a companion volume of documents to go with its annual "Survey" is certainly to be commended, but it can hardly be said that this first volume is entirely successful, in spite of the glowing description given by the chairman of the council. The editor points out the difficulty of making a proper selection and complains that many interesting documents have had to be left out for want of space. It seems rather odd, therefore, that so many pages should have been devoted to the Kellogg Pact and the general act of the League, documents which have been frequently printed and are easily accessible. It is equally strange that documents of minor significance such as the Italian-Abyssinian motor road treaty and such domestic acts as the law governing the Fascist Grand Council should have been included. It would seem advisable for the Institute in future

to restrict the scope of the volume, enlarge the size of it, or confine itself rigorously to key documents and speeches on international affairs.

VOELKERFRIEDE UND VOELKERRECHT IM LAUFE DER GESCHICHTE. By Adolf Hedler. Gotha: Klotz, 1929, 99 pp. M. 1.60.
A popular review of the progress of the idea of world peace.

MUST WE HAVE WAR? By Fred B. Smith. New York: Harper, 1929, 339 pp. $2.50.
A thoughtful discussion of the peace problem by the chairman of the World Alliance for International Friendship through the Churches.

ORIGIN AND CONCLUSION OF THE PARIS PACT. By Denys P. Myers. Boston: World Peace Foundation, 1929, 235 pp. $2.00.
A very convenient and well-informed review of the negotiations which led to the pact.

THE LEAGUE OF NATIONS. By H. Wilson Harris. New York: Cape and Smith, 1930, 127 pp.
A conventional review for popular consumption.

THE LEAGUE COUNCIL IN ACTION. By T. P. Conwell-Evans. New York: Oxford University Press, 1929, 292 pp.
A purely analytical, but honest and scholarly study of the Council's action in the twenty-three disputes with which it has dealt.

SYSTEM DER VOELKERRECHTLICHEN KOLLEKTIVVERTRÄGE. By Curt Rühland. Berlin: Stilke, 1929, 104 pp. M. 6.50.
Primarily a catalogue of the existing collective treaties, intended as a contribution to the codification of international law.

CROSSROADS IN EUROPE. By Edward H. James. Geneva: Kundig, 1929, 201 pp.
The minorities problem in easy doses. Articles reprinted from the New York *World*.

LE RÉGIME INTERNATIONAL DE L'ESCAUT. By Sima Adanya. Paris: Éditions Domat-Montchrétien, 1929, 146 pp. Fr. 20.
A scholarly monograph on the important Scheldt problem.

DER PATRIOTISMUS. By Robert Michels. Munich: Duncker and Humblot, 1929, 275 pp. M. 8.50.
The eminent German-Italian sociologist has collected a mass of interesting data for a study of national feeling, but the material is in raw form.

IMPERIALISM AND WORLD ECONOMY. By Nikolai Bukharin. New York: International Publishers, 1929, 173 pp. $2.00.
A handy English translation of the classic Bolshevist indictment of modern imperialism.

LA BANQUE INTERNATIONALE. By Paul Otlet. Paris: L'Eglantine, 1929, 208 pp. Fr. 15.
A study by the secretary of the Union des Associations Internationales, who pleads for the establishment of the bank on a broad basis under League supervision.

International Relations of the United States

WHY WE FOUGHT. By Clinton H. Grattan. New York: Vanguard, 1929, 468 pp. $3.50.
Though somewhat biassed, this is a substantial book, and a useful antidote to the war time ideology.

GEORGE HARVEY. By Willis F. Johnson. Boston: Houghton, Mifflin, 1929, 446 pp. $5.00.
Over-enthusiastic, but well-written.

MYRON T. HERRICK. By Colonel T. Bentley Mott. New York: Doubleday, Doran, 1929, 409 pp. $5.00.

A good picture of Herrick the man, but it lacks breadth of view and understanding of the background of his diplomatic work.

THE UNITED STATES AND THE WORLD COURT. By Philip C. Jessup. Boston: World Peace Foundation, 1929, 165 pp. $2.00.

A scholarly and thoroughly detached and reliable account.

AMERICA AND ENGLAND. By Nicholas Roosevelt. New York: Cape and Smith, 1930, 264 pp. $2.50.

Mr. Roosevelt attempts to reduce the Anglo-American problem to its lowest common denominator, and his book is on quite a different plane from the superficial effusions which constantly pour from the press. He reviews the present world situation of the two powers, with special reference to the economic factors, and takes full account of the fundamental revolution which has taken place in the last generation and especially since the war. The predominance of the United States is clearly brought out, but the author adduces ample evidence to show that the lugubrious prophecies of England's decline are somewhat premature, to say the least. He also considers national prejudices on both sides and tackles the problem of naval power at the very root. It may be that some of these problems cannot be solved, but books of this sort certainly do much to supply the necessary factual background for the formation of sound opinion. It is regrettable, however, that the publishers have followed the barbarous custom of placing the references at the end of the book.

THE UNITED STATES AND THE CARIBBEAN. By Chester L. Jones, Henry K. Norton and Parker T. Moon. Chicago: Chicago University Press, 1929, 240 pp. $1.50.

A competent review of the Caribbean problem, with both sides set forth.

TWO FRONTIERS. By John G. Fletcher. New York: Coward-McCann, 1930, 377 pp. $3.00.

A stimulating and suggestive contrast and comparison of the course of development of American and Russian history and civilization.

LA DOCTRINA DE MONROE. By Luis Izaga. Madrid: Razon y Fe, 1929, 288 pp. Pes. 4.

A general brief account of the origin and chief phases in the evolution of the Doctrine, interesting for the viewpoint disclosed rather than for any contribution of fact.

Western Europe

OESTERREICH-UNGARNS AUSSENPOLITIK VON DER BOSNISCHEN KRISE 1908 BIS ZUM KRIEGSAUSBRUCH 1914. Edited by Ludwig Bittner, Alfred F. Pribram, etc. Vienna: Oesterreichischer Bundesverlag, 1930, eight volumes, M. 330.

This enormous collection of Austrian documents on the origins of the war was a Christmas surprise for the historian and one which he will not soon forget. Some idea of the magnitude of the collection may be obtained from the statement that these eight volumes contain over eleven thousand documents, covering a period of six years, while the great German collection of some fifty volumes contains less than fifteen thousand documents for a period of forty-four years. It must also be considered that the Austrian documents deal almost entirely with the Near Eastern situation, while the German collection is concerned with world problems in all parts of the globe. Taken by and large, this new mass of source material must be commended in the highest terms. Edited by a group of brilliant scholars and archivists, it leaves nothing to be desired in regard to

form, and there is every guarantee of its complete honesty. Nothing of importance for international political relations is left out, and if there are some regrettable *lacunæ*, this is due to the fact that the documents were not to be found in the archives of the Austrian foreign office. It is, of course, impossible to give an idea of the contents in a few words, but it may be said in general that these documents serve to put the Austrian policy into a more favorable light, while they add immensely to our knowledge of the Serbian problem and the general evolution of the Balkan situation.

DIE KRIEGSSCHULD. By Conrad Bornhak. Berlin: Verlag Tradition, 1929, 590 pp. M. 14.

A competent German historian reviews German foreign policy from 1890 to 1914, relying almost entirely upon the German documents. He makes a conscious effort to set forth the innocence of the Emperor.

DEUTSCHLAND UND DIE TÜRKEI, 1913–1914. Berlin: Rothschild, 1929, 104 pp. M. 5.60.

A highly important contribution to a key problem of pre-war politics written by the adjutant of Liman von Sanders and based on valuable unpublished material.

DER KRIEGSSCHRECKEN DES FRÜHJAHRES 1914. By Anton Jux. Berlin: Hendriok, 1929, 248 pp. M. 10.

A microscopic study of the German-Russian press war of March 1914.

AM BRANDHERD DES WELTKRIEGES. By Fritz von Hake. Erfurt: Bodung, 1929, 342 pp. M. 10.

A scholarly monograph dealing with the July days in St. Petersburg, based upon all available information.

L'ATTENTAT DE SARAJEVO. By Albert Mousset. Paris: Payot, 1929, 656 pp. Fr. 50.

At last a good French translation of the entire court record of the trial of the Sarajevo assassins.

DER WELTKRIEG. By Hermann von Kühl. Berlin: Kolk, 1929, two volumes, M. 45.

A good general history of the war, written in a popular vein.

THE NAVAL BLOCKADE. By Louis Guichard. New York: Appleton, 1930, 321 pp. $3.50.

The original French text of this excellent and important book has already been noted.

THE FIGHTING AT JUTLAND. Edited by H. W. Fawcett and G. W. W. Hooper. London: Hutchinson, 1929, 256 pp. 7/6.

The personal experiences of forty-five officers and men of the British fleet, as told in their letters.

TÉMOINS. By Jean Norton Cru. Paris: Les Etincelles, 1929, 730 pp. Fr. 100.

A professor at Williams College, who saw much service himself, examines critically some three hundred war books published in France between 1915 and 1928.

LA PACE COATTA. By Francesco Coppola. Milan: Treves, 1929, 287 pp.

The editor of *Politica* criticizes the peace work of the League and the Powers since 1921.

LA MYTHOLOGIE DE LA PAIX. By Comte de Saint-Aulaire. Paris: Éditions Prométhée, 1929, 320 pp. Fr. 15.

Peace where there is no peace, according to a noted French diplomat.

EUROPE IN ZIGZAGS. By Sisley Huddleston. Philadelphia: Lippincott, 1929, 362 pp. $5.00.

Amiable chats on continental social, artistic and political affairs and tendencies, though hardly five dollars' worth.

THE FRUITS OF FOLLY. Anon. London: Hutchinson, 1929, 320 pp. 21/-.

First-hand impressions of the situation in Central Europe, by the author of "The Pomp of Power."

DE L'ELBE AUX BALKANS. By Jules Chopin. Paris: Baudinière, 1929, Fr. 12.

The situation in Eastern Europe does not promise well for peace, according to this well-known French journalist.

DE LOCARNO AU PACTE KELLOGG. By Henri Pensa. Paris: D'Artrey, 1929, 352 pp. Fr. 20.

The conspiracy for peace by the triumvirate Chamberlain-Briand-Stresemann, from 1925 to 1929.

DAS REPARATIONS-PROBLEM. Edited by Edgar Salin. Berlin: List-Gesellschaft, 1929, two volumes, M. 20.

After the deluge of journalistic writing on the problem of reparations, it is a great relief to have these two heavy volumes of expert German opinion. The List Society organized two important conferences to discuss the reparations problem, and these volumes represent the printed record of the proceedings. No less than eighty-eight scholars, statesmen and industrialists took part in the discussions, and thrashed out all conceivable aspects of the question. This publication is of fundamental importance for the student of international relations in the broader sense.

UNITING EUROPE. By William E. Rappard. New Haven: Yale University Press, 1930, 334 pp. $3.00.

A most competent European writer reviews the progress towards settlement of outstanding problems and the advance towards peace.

THE UNITED STATES OF EUROPE. By Paul Hutchinson. Chicago: Willett, Clark and Colby, 1929, 225 pp. $2.00.

An account of the origin of the idea, with a description of present-day tendencies and obstacles to the eventual realization of the scheme.

FRANCE: A NATION OF PATRIOTS. By Carlton J. H. Hayes. New York: Columbia University Press, 1930, 487 pp. $4.50.

One book of this kind is worth ten of general speculation and loose generalization. Professor Hayes for years has been a keen student of the phenomenon of nationalism and its development, and here tackles a present-day problem in a scientific manner. French patriotism and love of glory have long been proverbial, but no real effort has ever been made to analyze and explain them. Professor Hayes does not deny their existence and does not blink the fact that patriotism is a national characteristic which colors the whole French outlook in international affairs. What he does insist upon is the view that it is not part and parcel of the French mentality at birth, but that it is instilled by education and environment. The book takes up in succession the influence of the government, the schools, the army and navy, the churches, the press, the radio and cinema, etc., and passes to a consideration of the organization of patriotism in societies, its stimulation by symbols and ceremonies, and its cultivation in Alsace-Lorraine. Not the least interesting part of the book is the series of appendices, in which the reader will find an invaluable digest of textbooks and an extensive guide to teacher societies and the press. Due account is taken of the efforts being made to cultivate internationalism, but the advocate of peace is bound to lay down this volume with a feeling of discouragement.

FRANCE: A STUDY IN NATIONALITY. By André Siegfried. New Haven: Yale University Press, 1930, 122 pp. $2.00.

A brilliant interpretation of French politics and the French political system, by a well-known author.

THE BIOGRAPHY OF THE LATE MARSHAL FOCH. By Major-General Sir George G. Aston. New York: Macmillan, 1929, 509 pp. $5.00.

On the whole the best biography of Foch, well-informed and understanding.

IN THE EVENING OF MY THOUGHT. By Georges E. B. Clemenceau. Boston: Houghton, Mifflin, 1929, two volumes, $12.50.

The testament of a great realist; a most interesting document for the study of the positivist outlook.

GEORGES CLEMENCEAU. By G. Geffroy. Paris: Larouse, 1929, Fr. 25.

On the whole a good review of Clemenceau's career and accomplishments.

ARISTIDE BRIAND. By J. Sisco. Paris: Rivière, 1929, 154 pp. Fr. 10.

The author lays particular stress on the statesman's less familiar early career.

VERSUCH ÜBER BRIAND. By Annette Kolb. Berlin: Rowohlt, 1929, 217 pp. M. 5.50.

An honest and detached attempt to evaluate the work of Briand.

L'APRÈS-GUERRE. By P. Louis Rivière. Paris: Charles-Lavauzelle, 1929, 390 pp. Fr. 15.

A general study of French history since the end of the war.

THE ECONOMIC DEVELOPMENT OF POST-WAR FRANCE. By William F. Ogburn and William Jaffé. New York: Columbia University Press, 1929, 613 pp. $6.00.

An excellent volume that goes beyond the spectacular financial phenomena and analyzes the changes in agriculture and industry brought about by the war. Well-documented, and with an admirable bibliography.

L'ALSACE MINÉE. By Pierre Fervacque. Paris: Fasquelle, 1929, Fr. 12.

An interesting essay on the Alsatian autonomist movement.

LE DOMAINE COLONIAL FRANÇAIS. Paris: Éditions du Cygne, 1929, four volumes, Fr. 500 each.

A splendid illustrated coöperative survey of the French colonial empire.

LAS DICTADURAS. By Francisco Cambó. Madrid: Espasa Calpe, 1929, 246 pp. Pes. 4.

An important book in the campaign against the dictatorship, by a prominent Catalan politician.

CUÁL ES EL HORIZONTE POLÍTICO DE ESPAÑA? By Hipólito Finat Rojas. Madrid: Beltran, 1929, 308 pp. Pes. 5.

The man in the street looks over the political scene, with little satisfaction.

PSICOLOGIA DEL DICTADOR Y CARACTERES MÁS SALIENTES DE LA DICTADURA EN ESPAÑA. By Emilio R. Tarduchy. Madrid: Junta de Propaganda Patriótica, 1929, 320 pp. Pes. 4.

More evidence of the rising tide that swept Primo de Rivera away.

COME L'ESERCITO ITALIANO ENTRÒ IN GUERRA. By F. de Chauraud de Saint Eustache. Milan: Mondadori, 1929, 368 pp. L. 22.

A serious study of the earlier days of the war.

ORIGINI E DOTTRINA DEL FASCISMO. By Giovanni Gentile. Rome: Libreria del Littorio, 1929, 65 pp. L. 5.

A brief recapitulation of the Fascist philosophy.

THE KEYSTONE OF FASCISM. By C. M. Cresswell. London: Besant, 1929, 336 pp. 12/6.

An exuberant review of Italian affairs since the war and the rise of Mussolini, prophet of the new discipline.

ITALIA E CINA. By U. Bassi. Modena: Bassi, 1929, 104 pp. L. 8.

A historical sketch of Italian relations with China.

ROME AND THE PAPACY. By Gilbert Bagnani. London: Methuen, 1929, 260 pp. 8/6.

Reviewing the whole history of the Papacy down to the present time, the writer shows how things had to come out as they did. Not a very illuminating book.

S. S. PIO XI. By R. Fontanelle and R. Strinati. Rome: Dante Alighieri, 1929, 108 pp. L. 5.

A sober and interesting biography.

IL PAPA E LA SOCIETÀ DELLE NAZIONI. By G. P. Cansacchi. Turin: Bocca, 1929, 103 pp. L. 10.

A purely legal study of the anomalous position of the Pope.

LA CITTÀ DEL VATICANO. By L. P. Cairoli. Monza: Dossi, 1929, 66 pp. L. 10.

The international status of the new Vatican City.

OESTERREICH-UNGARNS LETZTER KRIEG. Vienna: Verlag der Militärwissenschaftlichen Mitteilungen, 1929, 288 pp. M. 25.

The first volume of the Austrian official war history, down to October 1914.

ERZHERZOG FRANZ FERDINAND. By Victor Eisenmenger. Vienna: Amalthea, 1929, 200 pp. M. 10.

A picture of the Archduke *en pantouffles*, by his physician.

IGNAZ SEIPEL. By Sozius. Vienna: Wiener Volksschriften, 1929, 144 pp. M. 3.

A handy little biographical sketch of the new Austria's leading political figure.

MITTELEUROPÄISCHE EISENBAHNPOLITIK. By Elemér Hantos. Vienna: Braumüller, 1929, 112 pp. M. 4.50.

The writer advocates the union of the Central European railway systems.

DIE WIRTSCHAFTLICHEN VORTEILE DES ANSCHLUSSES. By Otto Erwin von Scala. Vienna: Braumüller, 1929, 112 pp. M. 4.50.

A prominent authority sets forth the evidence to show that the *Anschluss* would be to the economic advantage not only of Germany and Austria, but of all Central Europe.

GERMANY'S DOMESTIC AND FOREIGN POLICIES. By Otto Hoetzsch. New Haven: Yale University Press, 1929, 116 pp. $1.50.

Williamstown Lectures, by a prominent German scholar and politician.

DEUTSCHLANDS AUSSENPOLITIK IN DER NACHKRIEGSZEIT. By Erich Koch-Weser. Berlin: Vowinckel, 1929, 147 pp. M. 2.50.

A brief survey of great merit, written by a former minister and leader of the democratic party, who is strongly sympathetic with the policy of Stresemann.

VON SPA NACH WEIMAR. By Gerhard Schultze-Pfaelzer. Leipzig: Grethlein, 1929, 386 pp. M. 10.

A detailed account of the critical period from the armistice to the making of the German Constitution.

RUHRKAMPF. By Paul Wentzcke. Berlin: Hobbing, 1930, 490 pp. M. 16.

This is the first volume of what promises to be a classical and authoritative account of the occupation of the Ruhr. The author, a trained historian, has been working for

years on the collection and ordering of the necessary materials. Supported by the city governments of the Ruhr district, he has been able to consult all the governmental records as well as the archives of many of the leading industrial concerns which played a part in the crisis. In addition he has made use of all the available book, pamphlet and press material, not only of Germany but of other countries. The work is not intended as propaganda, and is well-documented and dispassionate. It easily supersedes all other accounts of the Ruhr invasion as seen from the German side.

DIE ZUKUNFT DES REICHES. By Hans von Seeckt. Berlin: Verlag für Kulturpolitik, 1929, 192 pp. M. 6.

Further reflections of the well-known German soldier. Interesting chiefly for the discussion of the question of the police and the army.

GENERALFELDMARSCHALL KARL VON BÜLOW. By Freiherr Ludwig von Gebsattel. Munich: Lehmann, 1929, 172 pp. M. 7.

This biography, dealing chiefly with Bülow's command at the Marne, is an important contribution to the story of German strategy.

HUGO HAASE. Edited by Ernst Haase. Berlin: Ottens, 1929, 254 pp. M. 4.50.

This brief biography of the socialist leader, followed by letters, articles and speeches, throws light on the attitude of the socialist party at the outbreak of the war.

WALTHER RATHENAU. By Count Harry K. Kessler. New York: Harcourt, Brace, 1930, 379 pp. $3.75.

This interesting biography should be very welcome in English translation.

AN AMBASSADOR OF PEACE. By Lord D'Abernon. London: Hodder and Stoughton, 1929, 344 pp. 21/-.

Volume II of the British ambassador's memoirs, covering the crucial period of German history from June 1922 to December 1923-.

STRESEMANN: EIN DEUTSCHER STAATSMANN. By Heinrich Bauer. Berlin: Stilke, 1930, 268 pp. M. 5.

A brief, sympathetic biography.

STRESEMANN, DER EUROPÄER. By Edgar Stern-Rubarth. Berlin: Hobbing, 1930, 100 pp. M. 5.

Not a biography, but a revealing study of Stresemann's policy and aspirations in the larger setting, written by one of his close collaborators.

DET SLESVIGSKE SPORGSMAAL OG SELVBESTEMMELSESRETTEN. By Jacques de Coussange. Copenhagen: Slesvigsk Forlag, 1929, 211 pp.

The Schleswig question approached from the standpoint of self-determination.

LES FRONTIÈRES ORIENTALES DE L'ALLEMAGNE. By René Martel. Paris: Rivière, 1929, 196 pp. Fr. 20.

A serious effort to illuminate the problem. The author presents the two conflicting views and tries to get at the truth. The book is well documented and has useful bibliographies.

Eastern Europe

LA TCHÉCOSLOVAQUIE. By B. Mirkine-Guetzévich and A. Tibal. Paris: Delagrave, 1929, 119 pp. Fr. 9.

A general political survey, with an admirable collection of documents dealing with international agreements, constitutional matters, agrarian legislation, minorities, etc.

MONNAIE ET ÉCONOMIE NATIONALE EN TCHÉCOSLOVAQUIE. By Chanal. Paris: Giard, 1929, 318 pp. Fr. 36.

Traces the economic evolution of the new state since its foundation.

DIE WÄHRUNGSPOLITIK DER TSCHECHOSLOVAKEI. By Reinhard Schmidt-Friedländer. Reichenberg: Stiepel, 1929, 211 pp. M. 8.50.
A technical study of the Czech currency problem.

LA POLOGNE EN LUTTE POUR SES FRONTIÈRES. By Adam Przybylski. Paris: Gebethner and Wolff, 1929, 172 pp. Fr. 18.
An account of the difficulties from 1918 to 1920, translated from the Polish.

PILSUDSKI AND POLAND. By Rom Landau. New York: Dial, 1929, 311 pp. $5.00.
Heroic and poetic.

THE RED ARCHIVES. Edited by C. E. Vulliamy. London: Blès, 1929, 320 pp. 16/-.
A useful selection of documents on the history of Russia from 1915 to 1918, taken from the *Krasny Arkhiv* and throwing much light on the background of the revolution in its earlier phase.

VOM UNTERGANG DER TSARENFLOTTE. By N. Monasterev. Berlin: Mittler, 1930, 184 pp. M. 6.
This is a translation of an interesting book, written by a Russian submarine officer in the Black Sea fleet.

MEMOIRS. By General Wrangel. London: Williams and Norgate, 1929, 356 pp. 21/-.
The original has already been noted. These memoirs are of prime importance for the study of the Russian civil war.

LA RÉVOLTE DES COSAQUES DU KOUBAN. By E. Savtchenko. Paris: Payot, 1929, 272 pp. Fr. 20.
A participant writes of the little-known revolt of the Cossacks against the Bolsheviks.

ALS ICH VOLKSKOMMISSAR WAR. By J. Steinberg. Munich: Piper, 1929, 255 pp. M. 5.
The former Commissar of Justice extols Lenin and Trotzki and bemoans the shortcomings of their successors.

RUSSIA TODAY AND YESTERDAY. By E. J. Dillon. London: Dent, 1929, 338 pp. 16/-.
Dillon has known Russia for fifty years, and writes very sympathetically of the cultural work of the new régime and its effects.

THE RIDDLE OF RUSSIA. By E. Ashmead-Bartlett. London: Cassell, 1929, 276 pp. 10/6.
The riddle remains unsolved, despite the vivid writing of the English journalist.

VERS L'AUTRE FLAMME. By Panaït Istrati. Paris: Rieder, 1929, three volumes, Fr. 12 each.
Strongly written and very revealing experiences and impressions of a disillusioned revolutionist, after sixteen months with the Soviets.

IN THE LAND OF COMMUNIST DICTATORSHIP. By Anatole V. Bailkaloff. London: Cape, 1929, 286 pp. 7/6.
A Russian socialist condemns the Bolshevik régime on the strength of Bolshevik sources, with special reference to labor and social reform.

THE NEW EDUCATION IN THE SOVIET REPUBLIC. By Albert P. Pinkevitch. New York: Day, 1929, 416 pp. $4.00.
The English translation of an important book by the president of the Second State University of Moscow.

LES BLANCS-RUSSES. By René Martel. Paris: Delpeuch, 1929, 174 pp. Fr. 12.
An historical, political and economic study of the White Russians.

DIE WOLGADEUTSCHEN. By Manfred Langhans-Ratzeburg. Berlin: Ost-Europa Verlag, 1929, 190 pp. M. 6.50.

The status of the Volga Germans under the Soviet system, with special reference to Bolshevik treatment of minorities.

DER BRANDHERD EUROPAS. By Albin Kutschbach. Leipzig: Haberland, 1929, 455 pp. M. 8.

Fifty years of Balkan reminiscences.

LA GRANDE GUERRE DANS LES BALKANS. By Commandant de Larcher. Paris: Payot, 1929, 320 pp. Fr. 30.

One of the best studies of the direction of the war on the Balkan front, by a prominent military writer.

DIE ENTSTEHUNG DES JUGOSLAWISCHEN STAATES. By Erwin Holzer. Berlin: Gunther Thon, 1929, 107 pp. M. 4.

A study of the international difficulties connected with the organization of the new Jugoslav state.

BULGARIA D'OGGI. By A. Focarile. Milan: Hoepli, 1929, 371 pp. L. 25.

The usual type of general survey, social, political and economic.

ALBANIA. THE RISE OF A KINGDOM. By J. Swire. London: Williams and Norgate, 1929, 560 pp. 30/-.

The most extensive history of modern Albania, based on all available authorities and newspapers, but in form hardly more than a chronological handbook.

L'ALBANIA. By Antonio Baldacci. Rome: Instituto per l'Europa Orientale, 1929, L. 80.

A brief and rather inadequate historical introduction, followed by a survey of the minutiæ of present conditions and problems.

GREECE TODAY. By Eliot G. Mears. Stanford: Stanford University Press, 1929, 358 pp. $5.00.

An excellent survey setting forth the post-war problems.

The British Commonwealth of Nations

A MODERN HISTORY OF THE ENGLISH PEOPLE, 1910–1922. By R. H. Gretton. London: Secker, 1929, 390 pp. 12/6.

The life of the people day by day, with not much unity or critical acumen in the selection of material.

DER GEIST DER ENGLISCHEN POLITIK UND DAS GESPENST DER EINKREISUNG DEUTSCHLANDS. By Hermann Kantorowicz. Berlin: Rowohlt, 1929, 504 pp. M. 12.50.

The German professor attempts to approach the study of English pre-war policy through an analysis of the English political psychology. He himself is convinced that the alleged encirclement policy would have been quite foreign to the English traditions of chivalry and fair play, to say nothing of the proverbial objectivity and humanity of English political life. Without attributing to the English any Mephistophelean intentions (and serious scholars hardly take the *Einkreisung* theory too seriously), we must confess that some of the British documents published to date are hardly consonant with the theory of a detached policy. Perhaps the most valuable part of the present book is the account given of the German "innocentist" organization and propaganda, with which the writer is completely at odds.

WIE'S DIE ENGLÄNDER MACHEN. By Rudolf Kircher. Frankfurt: Frankfurter Societäts-Druckerei, 1929, 255 pp. M. 5.

The author knows England well, and attempts to set forth the political and social life of England under the democratic régime.

LORD LANSDOWNE. By Lord Newton. New York: Macmillan, 1929, 536 pp. $8.50.

The authoritative life, but it does not add very much to what is known of Lansdowne's policy from the British documents.

DAVID LLOYD GEORGE. By J. Hugh Edwards. New York: Sears, 1929, two volumes, $7.50.

An authorized biography, not very critical, but useful.

J. RAMSAY MACDONALD. By Mary A. Hamilton. London: Cape, 1929, 306 pp. 7/6.

A rewritten and amplified edition of the author's earlier book.

PHILIP SNOWDEN. By Ephesian. London: Cassell, 1929, 246 pp. 7/6.

An impartial and sympathetic biography, of special interest for the account of the earlier phases of the Labor movement.

THE DOMINIONS AND DIPLOMACY. By A. Gordon Dewey. New York: Longmans, 1929, two volumes, $15.00.

This is a scholarly and altogether admirable study, by a Canadian jurist. Approaching the problem of imperial organization from the Dominion side, he devotes most of the first volume to a review of the evolution of the Empire in the past half-century and traces the gradual disintegration since the time of the first Imperial Conference in 1887. The second volume is even more illuminating. Believing that the international side of imperial organization is generally too much neglected, the author gives a detailed study of the conduct of imperial international relations during the post-war period. Taking a moderate nationalist view, he considers the conference of 1926 the final stage in the reorganization of the Empire as a confederacy of sovereign states. For the student of international affairs this work should go a long way towards clearing up the difficult question of Dominion status in general international relations.

THE SOVEREIGNTY OF THE BRITISH DOMINIONS. By Arthur B. Keith. New York: Macmillan, 1929, 550 pp. $7.25.

This book sets forth the English rather than the colonial view. Professor Keith opposes the extreme interpretations placed upon the report of 1926, and denies the Dominions full sovereignty in international relations.

THE KING'S REPUBLICS. By H. J. Schlosberg. London: Stevens, 1929, 147 pp. 7/6.

The title is suggestive, for this nationalist South African writer goes, if anything, beyond Dewey in his view of the sovereignty of the Dominions.

AUSTRALIA AND THE BRITISH COMMONWEALTH. By J. G. Latham. London: Macmillan, 1929, 150 pp. 7/6.

Like most Australians, the former Attorney-General of the Commonwealth rejects extreme interpretations and continues to stress the value of the connection with Britain.

THE ECONOMIC DEVELOPMENT OF INDIA. By Vera Anstey. New York: Longmans, Green, 1929, 591 pp. $8.50.

This elaborately documented and very competent study is, on the whole, the most complete and reliable treatment of the subject.

INDIAN PRINCES UNDER BRITISH PROTECTION. By P. L. Chudgar. London: Williams and Norgate, 1929, 240 pp. 6/-.

A vigorous, but rather uncritical indictment of the native rulers, whom the writer, as a nationalist, dislikes as cordially as he does the British themselves.

MAHATMA GANDHI'S IDEAS. By C. F. Andrews. London: Allen and Unwin, 1929, 382 pp. 12/6.

A close friend of the Indian leader supplies an excellent selection from his speeches and articles.

THOUGHTS ON INDIAN DISCONTENTS. By Edwyn Bevan. London: Allen and Unwin, 1929, 178 pp. 6/-.

The psychological side of the Indian problem, viewed in a detached spirit.

INDIA'S POLITICAL CRISIS. By William I. Hull. Baltimore: Johns Hopkins Press, 1930, 250 pp. $2.00.

A detailed study of the All Parties Conference and the National Congress of 1928–1929.

INDIA IN BONDAGE. By Jabez T. Sunderland. New York: Lewis Copeland, 1929, 554 pp. $4.00.

A vigorous refutation of the English claim to rule India for India's good.

The Near East

DIE TÜRKEI SEIT DEM WELTKRIEGE. By Gotthardt Jäschke and Erich Pritsch. Berlin: Deutsche Gesellschaft für Islamkunde, 1929, 154 pp. M. 6.

Hardly more than a chronology of events from 1918 to 1928, supplemented with an excellent bibliography and political handbook.

GASI MUSTAFA KEMAL. By Dagobert von Mikusch. Leipzig: List, 1929, 335 pp. M. 10.

The best biography of Mustapha yet published, based upon Turkish as well as western sources, and viewing the career of the statesman in the general setting of the last twenty-five years of Turkish history.

DIE STAATENBILDUNGEN IN DEN ARABISCHEN TEILEN DER TÜRKEI SEIT DEM WELTKRIEGE. By Erich Topf. Hamburg: Friedrichsen, de Gruyter, 1929, 260 pp. M. 12.

Really an examination of the Arabian national movement since the beginning of the struggle against the Turks, followed by a review of the present mandated and non-mandated teritories, and concluding with an elaborate bibliography and selection of documents.

OU VA LA SYRIE? By Robert de Beauplan. Paris: Tallandier, 1929, 224 pp. Fr. 12.

"Shall France keep the mandate?" asks one of the best writers of *L'Illustration*.

PALESTINE TODAY AND TOMORROW. By John H. Holmes. New York: Macmillan, 1929, 289 pp. $2.50.

An American religious leader's impressions after a visit to the Holy Land and conversations with the resident spokesmen of the Jews, Arabs and English.

WHAT HAPPENED IN PALESTINE? By Maurice Samuel. Boston: Stratford, 1929, 222 pp. $2.00.

A discussion of the events of last August, and of their background.

EGYPT'S PAST, PRESENT AND FUTURE. By J. Morton Howell. Dayton: Service, 1929, 389 pp. $2.50.

A general account, by the former American Minister to Egypt.

AFGHANISTAN, FROM DARIUS TO AMANULLAH. By Sir George MacMunn. London: Bell, 1929, 360 pp. 21/-.

One of the best general surveys of the checkered history of Afghanistan.

DEN PERSISKE BUKT. By Anton Mohr. Oslo: Aschehong, 1929, 173 pp. Kr.5.75.
A political-geographic study showing the important rôle of the Persian Gulf in modern world politics.

Africa

L'AFRIQUE ORIENTALE FRANÇAISE. By Canulle Guy. Paris: Larose, 1929, 208 pp. Fr. 20.
A general descriptive account, by the former French governor.

DIE BUREN. By Bernhard Voigt. Berlin: Parey, 1930, 256 pp. M. 10.
Really a history of the conquest and colonization of South Africa, with special reference to the vicissitudes of the Boers.

KENYA. FROM CHARTERED COMPANY TO CROWN COLONY. By C. W. Hobley. London: Witherby, 1929, 16/-.
Written by a geologist long active in the colony.

THE ECONOMIC ASPECTS OF NATIVE SEGREGATION IN SOUTH AFRICA. By John Kirk. London: King, 1929, 148 pp. 6/-.
A defense of what the author defines as "possessory segregation" in contrast to labor segregation.

The Far East

THE CHINESE REVOLUTION. By Arthur N. Holcombe. Cambridge: Harvard University Press, 1930, 400 pp. $4.00.
A scholarly investigation made under the auspices of the Bureau of International Research, particularly valuable for the discussion of the Chinese governmental system.

MAKING A NEW CHINA. By No Yong Park. Boston: Stratford, 1929, 315 pp. $2.50.
A good exposition of the Nationalist view of the revolution, the Manchurian struggle, and the dominant economic and political problems of present-day China.

PULLING STRINGS IN CHINA. By W. F. Tyler. London: Constable, 1929, 310 pp. 15/-.
Amusing memoirs of one who spent forty years in China as a customs official.

CHINA'S REVOLUTION FROM THE INSIDE. By R. Y. Lo. New York: Abingdon, 1930, 307 pp. $2.00.
A welcome discussion of the non-political aspects of the Chinese revival, by a well-informed student of Chinese affairs.

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A stimulating volume, based on keen and objective analysis. The author examines the causes for Latin American unrest and seeks the explanation in the inadequate development of these countries rather than in native political incapacity.

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The latest of this organization's valuable publications.

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DEPARTMENT OF STATE RELEASES

The Department of State issues to the press copies of documents made public from time to time. By special arrangement, it regularly compiles the following list of recent press releases for *Foreign Affairs*, and assigns them identifying numbers. Application for authentic copies should be made to the Division of Current Information, Department of State, Washington, D. C. These press releases are mimeographed and are to be distinguished from publications of the Department which issue from the Government Printing Office.

ARMAMENTS — *London Naval Conference* — Delegates, S.D. 737, Nov. 20.
Facilities for newspaper correspondents, S.D. 738, Dec. 9.
List of advisers and secretary to American Delegation, S.D. 739, Dec. 11.
Program covering visit of Japanese Delegation to Washington, S.D. 740, Dec. 14.
List of delegates, advisers, technical staff, secretariat, stenographers, etc., S.D. 741, Dec. 16.
Statement of Secretary of State, discussion with chief of Japanese Delegation, concerning naval problems, S.D. 742, Dec. 17.
Statement of Secretary of State, editorials regarding absence of Secretary Adams from conferences with Japanese delegates, S.D. 743, Dec. 19.
Joint statement of Secretary Stimson and Japanese delegates concerning their conferences, S.D. 744, Dec. 19.
Telegram of thanks from Japanese Delegation, S.D. 745, Dec. 21.
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Secretary Stimson to Japanese Minister of Foreign Affairs, S.D. 747, Dec. 26.
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President Hoover to Emperor of Japan concerning visit of Japanese Delegation, S.D. 749, Dec. 31.
Farewell message from Secretary Stimson to the American public on departure of American Delegation, S.D. 750, Jan. 7.
American correspondents accompanying American Delegation, S.D. 751, Jan. 8.
Speech by Secretary Stimson at the Government banquet at London, S.D. 752, Jan. 20.
Address by Secretary Stimson at opening session, Jan. 21, S.D. 753, Jan. 20.
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BYRD SOUTH POLAR EXPEDITION — Telegraphic instructions to American Ambassador at London and American Minister at Oslo concerning abnormal condition of the Antarctic ice pack, S.D. 757, Jan. 23.
Reply of Ambassador Dawes, S.D. 758, Jan. 24.
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CANADA — Air arrangement, S.D. 760, Nov. 4.
CHINA — Report of capture by bandits of Rev. Mathias Kreutzin, S.D. 761, Nov. 9.
Note to Minister for Foreign Affairs of China concerning abolishment of extraterritoriality, S.D. 762, Nov. 11.
Report from American Consul General at Tientsin of disappearance of Aaron Brenner, S.D. 763, Nov. 12.
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Report from American Consul General at Hankow that Rev. Mr. Kreutzin is still in hands of bandits, S.D. 765, Nov. 16.
Report of dispatch of troops to effect his release, S.D. 766, Nov. 26.
Report from American Consul General at Hankow that Mrs. Mina Hellestad had been carried off by bandits, S.D. 767, Nov. 29.
Report of release of Mr. Brenner, S.D. 768, Dec. 17.
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CUBA — Report of appointment of American arbitrator in Charles J. Harrah claim arbitration, S.D. 770, Oct. 23.
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FASCIST LEAGUE — Statement of the Secretary of State concerning its activities, S.D. 777, Dec. 27.
FOREIGN AFFAIRS, ADMINISTRATION OF — Lectures by Stanley K. Hornbeck, Chief of the Division of Far Eastern Affairs, Department of State, at Union College, Schenectady, N. Y., S.D. 778 and 779, Nov. 11.
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GREAT BRITAIN — Report of convention delimiting definitely boundary line between Philippine Archipelago and State of North Borneo, S.D. 803, Jan. 2.
GERMANY — Mixed Claims Commission, appointment of R. W. Boyden as Umpire, S.D. 804, Jan. 9.
GREECE — *Recruiting law* — Effect on American citizens, S.D. 805, Nov. 9.
No effect on American citizens during 1930, S.D. 806, Dec. 20.
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Reply of President Bosque of El Salvador, S.D. 808, Jan. 8.
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Date of meeting of boundary conference, S.D. 810, Dec. 6.
Delegates to conference, S.D. 811, Dec. 28.
Revised list of delegates, S.D. 812, Jan. 14.
Speeches of Acting Secretary of State and delegates of Guatemala and Honduras at opening of boundary conference, S.D. 813, Jan. 20.
HAITI — Statement of President Borno that he will not be candidate for election in April, 1930, S.D. 814, Dec. 4.
Report of strikes and demonstrations, S.D. 815, Dec. 6.
Report of High Commissioner concerning conditions, S.D. 816, Dec. 7.
Report from High Commissioner concerning use of U. S. Marines on the mob, S.D. 817, Dec. 7.
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INTERNATIONAL HYDROGRAPHIC BUREAU — Approval of candidacy of Rear Admiral Andrew T. Long to fill vacancy on board of directors, S.D. 830, Nov. 4.
LIBERIA — Appointment of Henry Carter as Chargé d'Affaires, S.D. 831, Nov. 12.
Appointment of Dr. Charles S. Johnson of Fisk University, Nashville, Tenn., to investigate forced labor conditions, S.D. 832, Dec. 19.
MEXICO — Meeting of International Waterway Commission at Washington, S.D. 833, Oct. 22.
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Promulgation of law for appointment of commission to adjust obligations held against Mexican Government, S.D. 835, Nov. 7.
Reporting murder of J. S. Youngblood near Esperanza, Sonora, S.D. 836, Nov. 18.
Further reports from American Consul concerning murder of Mr. Youngblood, S.D. 837, Nov. 20; S.D. 838, Nov. 21.
Reporting murder of J. Warburg Smythe, S.D. 839, Dec. 6.
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Program for visit of President-Elect Rubio, S.D. 841, Dec. 23.
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Note of Acting Secretary of State to Mexican Foreign Office, closing of Mexican Consulate at Laredo, Texas, S.D. 844, Jan. 14.
Exchange of ratifications of Convention to safeguard live-stock interests, S.D. 845, Jan. 17.
MENTAL HYGIENE, FIRST INTERNATIONAL CONGRESS ON — Concerning invitations to foreign governments to participate in congress, Washington, May 5–10, S.D. 846, Jan. 16.
MYTHICAL FORTUNES — Warning to those who may be asked to contribute money in hope of sharing in distribution of so-called unclaimed estates, S.D. 847, Dec. 10.
NOBEL PEACE PRIZE — Circular con-

cerning proposal of candidates, S.D. 848, Dec. 11.
OLYMPIC GAMES — Concerning invitations to foreign governments to participate at Los Angeles in 1932, S.D. 849, Jan. 23.
RUMANIA — Removal of the export restrictions on currency by Rumania, S.D. 850, Dec. 5.
SOUTH AFRICA, UNION OF — Remarks by Minister upon presenting letter of credence and reply of President, S.D. 851, Nov. 5.
SINO-RUSSIAN DISPUTE — Statement of Secretary of State and note sent to China and Russia, S.D. 852, Dec. 2.
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Report from American Chargé d'Affaires at Peiping, China, concerning settlement of dispute, S.D. 857, Dec. 5.
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Report of statement by Minister of Foreign Affairs of Turkey, S.D. 862, Dec. 11.
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TARIFFS — UNITED STATES AND FRANCE — Correspondence concerning tariffs and similar questions concerning commerce, S.D. 864, Nov. 18.
TREATIES — BRAZIL AND COLOMBIA — Note from Colombian Chargé d'Affaires, thanks for American assistance in settling dispute with Brazil concerning boundary question, S.D. 865, Jan. 23.
TREATIES — ARBITRATION AND CONCILIATION — Exchange of ratifications of treaties between United States and Poland, S.D. 866, Jan. 6.
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Signing of treaties between the United States and Latvia, S.D. 868, Jan. 14.
Appointments on commissions set up by conventions of conciliation, S.D. 869, Dec. 17.
Appointment of Henry P. Fletcher as American national commissioner on commission between United States and Italy, S.D. 870, Jan. 17.
Appointment of Dr. Carlos A. Urueta as the American non-national member of the commission of conciliation between United States and Hungary, S.D. 871, Jan. 22.
TREATIES — INTER-AMERICAN — Ratification of general treaty of inter-American arbitration and protocol by Guatemala; S.D. 872, Oct. 29.
Ratification of general convention of inter-American conciliation, general treaty of inter-American arbitration and protocol by Mexico, S.D. 873, Oct. 30.
Report of deposit of instruments of ratification by Mexico, S.D. 874, Jan. 10.
TREATY — GENERAL, FOR RENUNCIATION OF WAR — Report of Venezuela's definite adherence, S.D. 875, Oct. 24.
Report of Mexico's adherence, S.D. 876, Nov. 26.
Statement by Secretary Stimson concerning British White Paper and relations of the British Government with the members of the League of Nations, S.D. 877, Dec. 30.
TREATY — AMERICAN-BRITISH-IRAQ CONVENTION — Signing of the American-British-Iraq convention by the American Ambassador at London, S.D. 878, Jan. 9.
TREATY — SMUGGLING — Exchange of ratifications between the United States and Japan, S.D. 879, Jan. 16.
VISAS — Abolishment by Sweden of visa requirements for American citizens, S.D. 880, Dec. 21.
Abolishment by Denmark of visa requirements for American citizens, S.D. 881, Jan. 13.
Abolishment by the Free City of Danzig of visa requirements for American citizens, S.D. 882, Jan. 18.
Issuance of a visa to Count and Countess Karolyi, S.D. 883, Oct. 28.
WORLD COURT — Correspondence between the President and Secretary of State concerning signing of (a) The Protocol of Signature of the Statute of the Permanent Court of International Justice, (b) The Protocol of Accession of the United States of America to the Protocol of Signature and (c) The Protocol of Revision of the Statute, S.D. 884, Dec. 5.
Correspondence between Jay Pierrepont Moffat, Chargé d'Affaires ad interim at Bern, Switzerland, and Sir Eric Drummond, Secretary General of the League of Nations, concerning American adherence, S.D. 885, Dec. 9.
WORLD'S FAIR — CHICAGO IN 1933 — Extension of invitations to foreign governments to participate, S.D. 886, Jan. 16.